



U.S. Department of Housing and Urban Development
Real Estate Assessment Center

**Calendar Year 1998 Baseline
Income Discrepancy Resolution Guide**

Version 1.0
Release 1.8
August 3, 2000

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Preface - Calendar Year 1998 Income Data Match

HUD has been working hard to improve federal housing programs and increase the availability of affordable housing and community development resources throughout America. An important part of this effort is strengthening the integrity of its rental assistance programs by ensuring that the programs serve only eligible households with the correct amount of rental assistance. HUD is undertaking the Tenant Income Verification (TIV) Program to assist Public Housing Agencies, owners, and agents (collectively referred to as POAs) in determining the correct annual income and rent payment for tenants. The TIV Program does not change POA income verification responsibilities, but is intended to provide POAs with a tool to assist in the income verification process.

POA resolution of the identified potential income discrepancies is essential to the success of the program. HUD's priority in its first year of nationwide computer matching is to determine baseline income discrepancy resolution and inaccurate rental assistance levels. HUD expects to use information learned about the process during this baseline year to fully and more effectively implement the 1999 computer matching income verification process. This will assist HUD to ensure that rental assistance is targeted to families in amounts consistent with governing legislation and regulations. POAs should quickly resolve all identified potential income discrepancies and report on the results. This will facilitate the establishment of baselines and help further HUD's efforts to support POA income verification activities. HUD will not require POAs to make rental adjustments for prior years for income underreported in 1998 that is identified through this process. However, residents have been advised that if they overstated their income, they may be entitled to a rent reduction or credit in the future. They were also advised that if they underreported their income, their rent may rise in the future. Further, POAs may refer cases for enforcement if there is an indication that residents deliberately misreported their income.

HUD urges POAs to exercise flexibility in making any decisions with respect to the recovery of excess rental assistance. HUD is not encouraging any POA to recover excess rental assistance identified as a result of the 1998 computer matching income verification process. Furthermore, HUD Program Offices will not penalize or reward POAs for their decisions to not pursue or pursue recovery of excess rental assistance. When a POA elects to pursue recovery of excess rental assistance, the POA must follow all appropriate due process procedures and existing policies, procedures, and guidelines.

HUD's Office of Inspector General (OIG) will focus any review of POA's income verification on internal controls. If POAs identify individuals who egregiously abused rental assistance programs, the POA may contact the OIG at 1-800-347-3735. POA staff must exercise discretion in determining egregious abuses by considering circumstances, e.g., the extent of abuses and likely abuses of other Federal programs. The HUD OIG does not provide specific thresholds for investigative referrals. See Appendix I of this Guide regarding referrals to the Inspector General.

1 Introduction

1.1 Purpose

The purpose of this Guide is to define Public Housing Agencies (PHAs) and Owners/Agents (OAs), collectively referred to as POAs, roles and responsibilities in resolving tenant income discrepancies identified by the U. S. Department of Housing and Urban Development (HUD) through the use of Computer Matching Income Verification (CMIV). CMIV identifies potential discrepancies between tenant reported/POA verified income and tenant income reported through Federal tax data. This guide applies to administrators of:

- PHA Public Housing;
- Section 8 Tenant-Based;
- Section 8 Project-Based;
- Rent Supplement¹;
- Rental Assistance Program¹;
- 202 and 811 Project Rental Assistance Contract; and
- 202/162 Project Assistance Contract.

Terms used in this Guide are defined in the attached Glossary.

This Guide identifies specific tools and approaches POAs can use to resolve income discrepancies. The Guide also describes POA reporting requirements related to discrepancy resolution. This Guide does not address social security (SS) and supplemental security income (SSI) CMIV. For SS and SSI CMIV, please refer to the *Guide for Social Security and Supplemental Security Income Verification*.

1.2 Background

1.2.1 Computer Matching Income Verification

In an effort to resolve a material weakness in HUD's annual financial statements as noted by HUD's Office of Inspector General, HUD developed an approach to use a large-scale CMIV process to identify differences between tenant Federal tax data and tenant reported/POA verified income. This process matches calendar year tenant income data provided by the Internal Revenue Service (IRS) and the Social Security Administration (SSA) with comparable tenant data maintained in HUD's Multifamily Tenant Characteristics Systems (MTCS) and Tenant Rental Assistance Certification Systems (TRACS) databases. HUD's Real Estate Assessment Center (REAC) developed the Tenant Assessment Subsystem (TASS) that is used to implement large-scale computer matching.

¹ Current regulations do not require participants in these programs to disclose the income discrepancy letter. We are encouraging POAs to resolve potential income discrepancies for tenants in these programs.

1.3 Federal Tax Data Computer Matching Income Verification Process

Figure 2 identifies the steps that apply to large-scale Federal tax data CMIV.

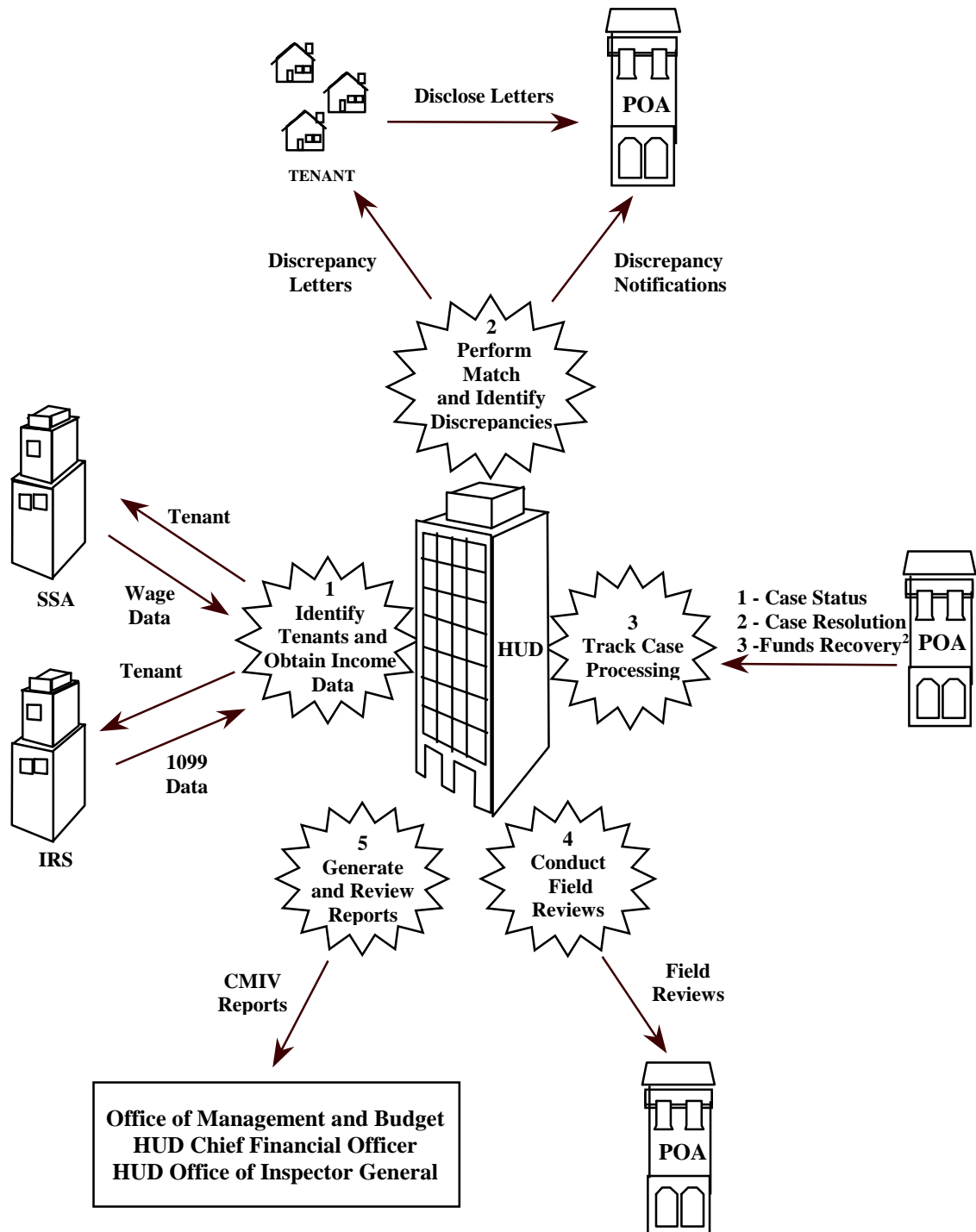
Figure 2, Large-Scale Federal Tax Data CMIV



1.3.1 Large-Scale Federal Tax Data CMIV

Figure 3 shows the process for the large-scale CMIV.

Figure 3, Large-Scale Federal Tax Data CMIV



² HUD is not encouraging any POA to recover excess rental assistance identified as a result of the 1998 computer matching income verification process as discussed in the Preface.

The large-scale Federal tax data CMIV process begins with the selection of all tenant households that received rental assistance during the prior calendar year. For example, in September of each year, Federal tax data is available for the prior tax year. Households that did not receive rental assistance for the full tax year are excluded from the large-scale match. Income for each household member who was in the household for the full year is included in the match.

Once households and tenants are selected, individual tenant identifiers (name, social security number, and date of birth) are sent to the IRS and the SSA. The IRS and SSA then provide HUD with Federal tax data (unearned and earned income data) for each tenant, if the data is available. HUD matches the Federal tax data with data in its tenant databases. Discrepancies at various household and individual thresholds are identified.

Since the Internal Revenue Code and Privacy Act legislation protect Federal tax data, HUD is restricted in its disclosure of tax data. HUD can only disclose the Federal tax data to the “owners” of the tax data, i.e., the tenants. HUD sends tenants discrepancy letters and directs the tenants to bring available income information to their respective POAs. While HUD cannot disclose tenant tax data to POAs, HUD does notify POAs that discrepancies exist between the income shown in HUD’s tenant databases and Federal tax data for specific tenants. Then, POAs are required to resolve the discrepancies and report the resolution to HUD. Additionally, income information that tenants disclose to POA staff may be subject to state privacy laws. POA staff should comply with all applicable laws.

The discrepancy resolution processes described in this Guide do not supercede local policies regarding income reporting. POAs remain responsible for complying with all HUD directives for income verification and other eligibility factors for initial admission and continued occupancy. HUD urges POAs to exercise flexibility in making any decisions with respect to the recovery of excess rental assistance. HUD is not encouraging any POA to recover excess rental assistance identified as a result of the 1998 computer matching income verification process. Furthermore, HUD Program Offices will not penalize or reward POAs for their decisions to not pursue or pursue recovery of excess rental assistance. When a POA elects to pursue recovery of excess rental assistance, the POA must follow all appropriate due process procedures and existing policies, procedures, and guidelines.

1.3.2 Compliance With Provisions of Fair Housing Act

All POAs should comply with the provisions of the Fair Housing Act, Title VI of the Civil Rights Act of 1964 and the associated statutes that implement this initiative.

1.3.3 Needs of Disabled, Elderly and Non-English Speaking Tenants

HUD acknowledges the special needs of disabled and elderly individuals and families as well as the language barriers of some tenants in the income verification process. The requirements of this Guide do not, nor are they in any way to be interpreted to, impose additional burdens on disabled and elderly individuals and families. HUD expects that POAs will be as sensitive to the special needs of disabled and elderly individuals and families in the income verification process as they are when conducting other business with these individuals. In this regard, HUD expects that POAs will conduct all follow-up

actions, including meetings and interviews with disabled and elderly tenants in their units or at a mutually agreeable/accessible locations.

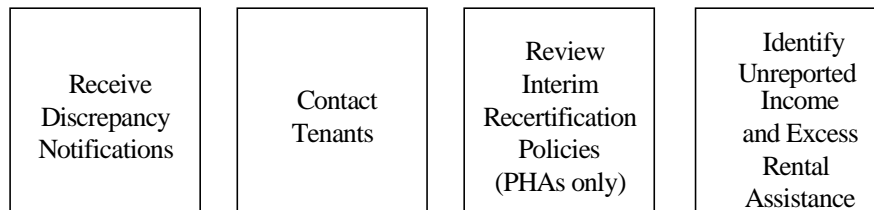
To assist POAs with language barriers in the income verification process, HUD will provide a translation of the letter that it sends to tenants. The translation of the letter is available for the foreign languages identified on the letter. When the tenant calls the toll free number listed in the letter (1-800-298-0289), the tenant will hear a recorded translation of the discrepancy letter and the Fact Sheet describing HUD's income verification program.

2 Discrepancy Resolution

This section presents the discrepancy resolution process from the POA's receipt of discrepancy notifications from HUD through tenant contact, discrepancy resolution, and the calculation of unreported income and excess (or underpaid) rental assistance.

Figure 4 presents a high level overview of the POA discrepancy resolution process. Each of these process steps is discussed in more detail in the following sections.

Figure 4, POA Discrepancy Resolution Process



2.1 HUD Discrepancy Notifications

HUD mails discrepancy letters to tenants and notifies POAs of tenants that have been sent letters. (See Appendix A for sample tenant letters.) When a POA receives a discrepancy notification, the POA should resolve the discrepancy to determine whether it is a valid discrepancy or a false positive discrepancy (discrepancy that did not involve unreported income or excess rental assistance as described in this Guide). If the discrepancy is valid, the POA should recalculate tenants' rent taking into consideration allowable deductions and exclusions. (See Appendix I.)

The POA discrepancy resolution process begins with the POA's receipt of a notification that discrepancy letters have been sent to one or more tenants in the POA's portfolio of tenants receiving rental assistance. HUD mails discrepancy notifications to POAs and posts these notifications on a secure site on the Web. Anyone wishing to view the online list of discrepancies must obtain a User ID and password and must be assigned rights to access the list.

The following Web site provides links to complete registration instructions, online registration forms for POAs, and quick reference sheets with step by step instructions for obtaining User IDs and password and logging on to Secure Systems.

<http://www.hud.gov/reac/tools/reasyst.html>

Once a User ID and password are obtained, the Secure Systems coordinator for each POA must perform specific system administrator functions to POAs (and themselves) with rights to access the Tenant Assessment Subsystem functions including notification access and discrepancy status reporting. Please refer to the following URL for a complete description of the registration and system administration functions.

http://www.hud.gov/reac/tools/secure_doc.html

Coordinators should grant TASS “Tenant Income Discrepancy Tracking (TRK)” access rights to the appropriate individuals (including themselves) for access to specific property portfolios.

Owners should review the list of their properties (grouped by contracts) and determine which entities (management agents or property managers) will be responsible for resolving the potential discrepancies. Owners should notify these entities and instruct them to obtain User IDs and TASS “TRK” access rights to the appropriate properties. When an entity already has a User ID, the entity must be granted TASS “TRK” access rights by a coordinator.

The Web site to sign on to Secure Connection for report access is:

https://hudapps.hud.gov/HUD_Systems

Once in Secure Connection, the user should follow the link to “Tenant Assessment Subsystem” and select “Tenant Income Discrepancy Notifications and Status Reporting” to access the discrepancy notifications. Questions and problems should be addressed to the REAC Technical Assistance Center at 1-888-245-4860.

One or more tenants in a household may receive discrepancy letters. Each discrepancy should be resolved, i.e., determined to be a valid or false positive discrepancy. The process for resolving discrepancies is detailed in the following sections. Prior experience with income discrepancy resolution has shown that specifically identifying individuals who are responsible for discrepancy resolution can expedite the resolution process.

2.1.1 Comparing Notifications with POA Tenant Data

The POA discrepancy notification includes a list of tenants to whom discrepancy letters have been sent. Each tenant listing in the notification includes:

- Head of Household Name and SSN;
- Tenant Name and SSN; and
- Total annualized tenant income computed by HUD based on data in MTCS or TRACS.

A POA should first verify that each tenant listed is a resident currently receiving rental assistance from the POA. This can be done through an inquiry into a POA automated database, if available, or through a tenant file review. If a tenant is not receiving assistance, is no longer a resident of the POA, or has the incorrect tenant identifiers (name, social security number, and date of birth), the POA should identify the discrepancy as a false positive.

Next, the POA should verify that both the household and the tenant were receiving rental assistance for the full calendar year for which the match was conducted. This check is required because MTCS and TRACS data do not always contain accurate termination dates based on POA data submissions. If both the household and the tenant were receiving rental

assistance for the entire match year, the POA should continue to process the potential discrepancy. (Note: The tenant must have been a member of the same household for the entire match year.)

2.1.2 Checking POA Reported Income Data

For computer matching, MTCS and TRACS data is converted to calendar year data for comparison with Federal tax data, a process called annualization. Because MTCS and TRACS tenant data do not usually correspond to a calendar year, e.g., when a tenant's effective recertification date occurs in any month other than January, data in POA files may not agree with the data used by HUD to conduct the computer match. The data contained in HUD's notification is the annualization of POA reported income data.

2.1.3 Checking Ceiling or Market Rent

Another area the POA should consider is rent type. Specifically, the POA should consider whether the tenant is subject to the conditions of ceiling or market rent. For the purposes of this process, discrepancies for tenants who paid ceiling or market rent for the full match year should be identified as false positives since unreported income did not result in excess rental assistance.

2.2 Contacting Tenants

This section describes POA contacts with tenants and the various scenarios that can occur as a result of the contact.

Note: all tenant contacts should be fully documented including all follow-up actions.

After eliminating those tenants who do not meet the residency criteria (described in Section 2.1.1) and those who pay ceiling or market rent, the POA should contact the remaining tenants listed in their discrepancy notifications to request that the tenants disclose the HUD discrepancy letters. POAs should contact tenants no earlier than 40 days after the date on the POA notification.

POA contacts can be via telephone or mail. Whichever method is used, the POA should fully document the tenant contact. The following sections describe the various scenarios that a POA can encounter once a tenant is contacted and the procedures the POA should follow to resolve discrepancies under each scenario.

If a tenant vacates a unit prior to or after the POA contact, the POA should follow its normal procedures for pursuing discrepancy resolution and report the vacate status of the discrepancy as noted in Chapter 4.

2.2.1 Processing If a Tenant Fails to Respond to the POA Contact

If a tenant fails to respond to the POA contact, the POA should call the TASS Technical Assistance Center at 1-888-708-8277 to request that REAC send a second letter to the tenant. When the POA contacts the hotline, the POA will be asked to verify the tenant's address. REAC will send the tenant a second letter within one week.

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant does not respond to the POA contact, the POA should again contact the TASS Technical Assistance Center to request that REAC send a third letter to the tenant. REAC will send the tenant a third letter within one week. (Note: The third letter sent to the same tenant address will be sent via certified mail.)

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should send a letter to the head of the tenant household. In the letter, the POA should indicate that HUD sent three letters to one or more tenants in the household. The POA should indicate that these letters informed the tenant(s) that a potential issue regarding a discrepancy in reported income existed, and that the tenant(s) were directed to contact the POA regarding the letter(s).

The POA should further indicate what proceedings will begin if the tenant(s) who received the HUD letter(s) does not contact the POA within two weeks. The POA should follow its normal procedures if the tenants who were sent discrepancy letters by HUD do not contact the POA. (See Appendix I for discussion of an alternative to terminating assistance for an entire household. This alternative allows a non-head of household member with a valid income discrepancy to vacate the household.)

2.2.2 Processing If a Tenant Claims that a HUD Discrepancy Letter Was Not Received

If a tenant responds to the POA contact but indicates that he or she did not receive HUD's discrepancy letter, the POA should call the TASS Technical Assistance Center at 1-888-708-8277 to request that REAC send a second letter to the tenant. When the POA contacts the hotline, the POA will be asked to verify the tenant's address. REAC will send the tenant a second letter within one week.

As with the non-response situation, if the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant indicates non-receipt of the second letter, the POA should again contact the TASS Technical Assistance Center to request that REAC send a third letter to the tenant. REAC will send the tenant a third letter within two weeks.

If the tenant does not contact the POA within 40 days after the POA's request to REAC, the POA should contact the tenant requesting disclosure of the HUD letter. If the tenant claims non-receipt of the third letter, the POA should set up a meeting with the tenant during which the POA should ask the tenant to complete IRS Forms 4506 and 8821. These forms authorize the IRS to transmit copies of the tenant's tax return directly to the POA.

Note: All costs associated with income verification activities are the responsibility of the POA. (See Appendix B for sample IRS forms.)

It is important to note that to receive detailed information from the IRS, the POA must include the following information on the Form 8821: "Please provide transcript of the tax return and a copy of the **IRPTR screens for each W-2, 1098, and 1099** reported to the IRS for (the match year)".

If the tenant does not attend the scheduled meeting, or refuses to complete and sign the IRS income disclosure forms, the POA should send a letter to the head of household. In the letter, the POA should indicate that a member of the household did not attend a scheduled meeting to discuss a potential income discrepancy or refused to sign IRS income disclosure form. Additionally, the POA should indicate that, if the tenant does not meet with the POA or sign the forms, as appropriate, termination proceedings will begin within one week.

2.2.3 Processing If a Tenant Does Receive HUD Letter

If a tenant does respond to the POA contact and reveals that he or she has received the HUD letter, the POA should direct the tenant to immediately bring the original letter to the POA, if the tenant has not already done so, and should schedule a meeting with the tenant as soon as possible. (Note: The original letter is printed on watermark paper, the same paper on which the POA discrepancy notification cover letters are printed. The watermark is visible when the letter is held at an angle.)

By asking the tenant to bring the letter to the POA, the POA may help avoid situations in which the tenant misplaces the letter before the scheduled meeting. Additionally, once the POA receives the letter, it can begin a review of the information.

2.2.4 Preparing to Process Income Information

Once the POA has obtained disclosure of the Federal tax data (either via letter disclosure or IRS processed Forms 4506 and 8821), the POA should set up a tenant discrepancy resolution meeting to ascertain if the tenant agrees or disagrees with the Federal tax data.

If the tenant fails to attend the meeting as scheduled, the POA should contact the tenant to establish a new meeting date and time as soon as possible. If the tenant fails to attend the second meeting, the POA should notify the head of household as described in Section 2.2.2.

If the tenant attends the meeting and agrees that the Federal tax data is correct, the POA should continue processing the case and calculate excess rental assistance as described in Section 2.5. If the tenant does not agree with some or all of the Federal tax data, the POA should follow the steps outlined in Section 2.2.5.

POAs may consider the tenant-provided Federal tax information included on the HUD-printed letter to the tenants as verified information if the tenant does not dispute that information.

2.2.5 Processing if a Tenant Disagrees with the Federal Tax Data

If a tenant does not agree with the income identified in the discrepancy letter, the tenant should notify the POA of the disagreement. If the tenant does not notify the POA that he/she disagrees, the POA should assume that the tenant agrees with all Federal tax data. The POA should ask the tenant if the tenant can provide documented proof that the Federal tax data is not correct. In the event that the tenant does not provide the documented proof that the Federal tax data is incorrect, the POA should then obtain proof to verify the Federal tax data amount.

In the event that the tenant disagrees with only some of the Federal tax data, the POA should first determine the income with which the tenant agrees. (The tenant may agree with some information in the HUD letter.) The POA should then verify and document any *unearned* income and *earned* income that is not excluded. (See Appendix H for a discussion of income excluded from the calculations.)

To obtain proof of income, the POA should obtain third party income verification by following established HUD program guidelines and procedures. (See Appendix C for a discussion of income verification.) If the POA cannot obtain proof after a reasonable attempt to do so or if the proof obtained does not show a discrepancy with what the tenant reported, the POA should notify the tenant and log the case as a false positive. For the POA's records, the POA should document the process of verification.

2.3 Resolving Income Discrepancies

POAs should complete Income Comparison Worksheets for income discrepancies that cannot be readily identified as false positives such as when tenants are not currently receiving assistance from a POA.

The Income Comparison Worksheet and the Excess Rental Assistance Worksheet are discussed in the following sections. This Income Comparison Worksheet will assist the POA in resolving income discrepancies consistently. The POA should prepare a worksheet for each tenant for whom a discrepancy was not identified as false positive based on his or her residency or rent category. There are two types of Income Comparison Worksheets – the Short Form and the Long Form. POAs should use the Short Form for tenants that have two or fewer sources of earned and/or unearned income, and have had two or fewer recertifications. In contrast, POAs should use the Long Form for tenants that have three to six sources of earned and/or unearned income, and have had four or fewer recertifications.

The Excess Rental Assistance Worksheet provides a month-by-month comparison of the amount of rent a tenant should have been responsible for based on identified unreported income with the amount of rent a tenant was responsible for based on reported income. (See Appendix D for copies of the Income Comparison Worksheets and the Excess Rental Assistance Worksheet.)

2.4 Using the Income Comparison Worksheet

The Income Comparison Worksheet applies to verified or agreed upon income. For example, the worksheet can be used when a tenant brings in the HUD discrepancy letter and agrees with the Federal tax data shown in the letter. The worksheet can also be used when a POA has verified income, through third party verification, that was not agreed upon by the tenant.

Entering Tenant Identifiers

The POA should enter tenant and head of household identifiers (names and social security numbers) on the Income Comparison Worksheet. All worksheets for tenants within a single household should be kept together. In doing so, the POA will find it easier to take administrative actions should they elect to do so once discrepancies for all household members have been resolved.

Head of Household Name: _____	H of H SSN: _____
Tenant Name: _____	Tenant SSN: _____

2.4.1 Processing if a Tenant is Paying Ceiling or Market Rent

The POA should indicate if a tenant paid ceiling or market rent for the full match year. In the case of tenants paying ceiling or market rents, POAs should not pursue tenant disclosure of HUD's letter. If a tenant does disclose the letter, however, the POA should thank the tenant for bringing the letter in and inform the tenant that their rent is unaffected.

1. Did ceiling or market rent apply for the household for the full match year? _____ Yes _____ No (If yes, identify as false positive and do not continue with worksheet.)
--

2.4.2 Determining If a Tenant Reported Income Affecting Rental Assistance

In all instances, the POAs should determine:

- When income identified in HUD's tenant letter began by asking the tenant to provide documentation of employment dates or by obtaining third party employer verification of employment dates;
- If tenants correctly reported income for all (re)certifications affecting the match year rental assistance including earlier (re)certifications which carried forward into the match year. (Note: This is accomplished by reviewing prior year and match year (re)certification data once dates of employment are known); and
- If tenants accurately reported income based on program requirements by reviewing interim recertification and other program-related policies. (See Appendix E for

details on interim recertification policies and examples of how the policies impact computer matching income verification.)

Once the POA has determined a tenant's effective employment dates and their impact on rental assistance, the POA can identify whether the tenant accurately reported income affecting the match year rental assistance. If the tenant did not accurately report income the POA should continue processing the case to identify the amount of unreported income.

2. Did the tenant report all income affecting match year according to program guidelines?

(If yes, identify as false positive and do not continue with worksheet. If no, go to 3.) ____ Yes ____ No

2.4.3 Entering Federal Tax data

The POA should enter each Federal tax data source identified in the tenant income discrepancy letter.

3. Match Year Federal Tax Data:

Earned Income 1 (E1):	Federal Tax Source:	_____	Excluded Income: Y or N
Earned Income 2 (E2):	Federal Tax Source:	_____	Excluded Income: Y or N
Unearned Income 1 (U1):	Federal Tax Source:	_____	Excluded Income: Y or N
Unearned Income 2 (U2):	Federal Tax Source:	_____	Excluded Income: Y or N

2.4.4 Identifying Unreported Income

The POA should reconcile unreported income for all earned and unearned income sources identified by Federal tax data with tenant reported income data affecting match year rental assistance. Section 4 of the Income Comparison Worksheet provides the steps for identifying unreported earned income. These steps are summarized below and discussed in greater detail in the following sections.

For each earned and unearned income source, the POA should:

- 1) Enter the Federal tax data income source and amount;
- 2) Determine if the income was excluded based on program requirements and issuances;
- 3) Calculate reported tenant income; and
 - a) Determine if the income was reported by the tenant for all recertifications affecting match year rental assistance;
 - b) If reported, convert the annual projected income amount to a monthly amount;
 - c) Identify the number of months for which the income applied;
 - d) Sum the income for the projected annual amount;
 - e) Repeat the process for each recertification during the match year; and
 - f) Total all reported income for the income source;
- 4) Subtract reported income from Federal tax income to determine unreported income for the income source.

2.4.4.1 Determining if Income is Excluded

The POA should next determine if the income source is excluded from the computation of income for the determination of rental assistance. (See Appendix H for citations related to excluded income).

Some typical exclusions are income from employment of children under 18 years of age, lump-sum additions to assets, income received under certain types of training programs and sporadic income. If the income source is excluded based on program requirements, the POA should not include the income as unreported income and should continue with the other sources of income listed in HUD's discrepancy letter.

2.4.4.2 Determining Tenant Reported and Unreported Income

The POA should next review the tenant file to determine if the income source was identified by the tenant. If the income source was reported by the tenant, the POA should determine if the tenant was receiving income from the source prior to the match year. If so, the POA should identify the last prior year (re)certification to calculate monthly income from the source. To do this, the POA should divide the projected annual income from the prior year (re)certification by 12. Then, the POA should determine the number of months for which the income applied. (This is the number of months from January of the match year until the first recertification following the match year.) The POA should continue this process of identifying monthly income from the income source until December of the match year. The POA should then sum the amounts to determine the annual amount of income from the income source. (For a discussion of interim recertification policies, see Appendix E.)

If, in the course of its income verification activities, the POA should identify income that continued beyond 1998, the POA should compute unreported income for all periods during which the income was unreported.

4. Match Year Earned Income by Source:		Tenant Reported	Tenant Reported		
<u>Federal Tax Amount</u>	<u>Annual Amount</u>		<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
E1.\$ _____		\$ _____	\$ _____	_____	\$ _____ (a)
		\$ _____	\$ _____	_____	\$ _____
				Reported Earned Income for Source	\$ _____ (b)
				Unreported Earned Income (a – b)	\$ _____
E2.\$ _____		\$ _____	\$ _____	_____	\$ _____ (c)
		\$ _____	\$ _____	_____	\$ _____
				Reported Earned Income for Source	\$ _____ (d)
				Unreported Earned Income (c – d)	\$ _____
Total Unreported Earned Income for all Sources					\$ _____

Consider the following example:

Jane Doe reported \$6,000 in annual income (monthly income $\$6,000/12 = \500) from XYZ, Corporation in an annual recertification in October in the year prior to the match year. Jane received a raise in March of the match year equal to \$1,200 annually resulting in an annual income of \$7,200 (monthly income $\$7,200/12 = \600). Jane reported the income when she received the increase. At her October annual recertification, Jane reported another increase of \$1,200 making her annual income \$8,400 (monthly income $\$8,400/12 = \700). The IRS reported that Jane received \$10,500 from XYZ, Corporation. The following calculation would apply to Jane's income from XYZ Corporation. Jane Doe's monthly income for January and February of the match year was \$500. Her monthly income for March through September of the match year was \$600. Her monthly income for October through December of the match year was \$700.

3. Match Year Federal Tax Data:

Earned Income 1 (E1):	Federal Tax Source: XYZ, Corp.	Excluded Income: Y or N
Earned Income 2 (E2):	Federal Tax Source: ABC, Corp.	Excluded Income: Y or N
Unearned Income 1 (U1):	Federal Tax Source: M and N Bank	Excluded Income: Y or N
Unearned Income 2 (U2):	Federal Tax Source: Bank of Boise	Excluded Income: Y or N

4. Match Year Earned Income by Source:

<u>Federal Tax Amount</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>
E1. \$ 10,500				\$ 10,500 (a)
	\$ 6,000	\$ 500	2	\$ 1,000
	\$ 7,200	\$ 600	7	\$ 4,200
	\$ 8,400	\$ 700	3	\$ 2,100
		Reported Earned Income for Source		\$ 7,300 (b)
		Unreported Earned Income (a – b)		\$ 3,200

The POA should repeat this process for all income sources and calculate the total unreported earned income from all sources by summing unreported income for each source.

For example, if Jane Doe also had income from ABC, Corporation of \$ 6,000 per year and reported no changes in income since June of the year prior to the match year.

3. Match Year Federal Tax Data:

Earned Income 1: Federal Tax Source: XYZ, Corp.

Excluded Income: Y or N

Earned Income 2: Federal Tax Source: ABC, Corp.

Excluded Income: Y or N

Unearned Income 1: Federal Tax Source: M and N Bank

Excluded Income: Y or N

Unearned Income 2: Federal Tax Source: Bank of Boise

Excluded Income: Y or N**4. 1998 Earned Income by Source:**

4. 1998 Earned Income by Source:	Tenant Reported	Tenant Reported		
<u>Federal Tax Amount</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
E1.\$ 10,500				\$ 10,500 (a)
	\$ 6,000	\$ 500	2	\$ 1,000
	\$ 7,200	\$ 600	7	\$ 4,200
	\$ 8,400	\$ 700	3	\$ 2,100
		Reported Earned Income for Source		\$ 7,300 (b)
		Unreported Earned Income (a – b)		\$ 3,200
E2.\$6,000				\$ 6,000 (c)
	\$ 6,000	\$ 500	12	\$ 6,000
		Reported Earned Income for Source		\$ 6,000 (d)
		Unreported Earned Income (c – d)		\$ 0
		Total Unreported Earned Income for all Sources		\$ 3,200

The POA should apply the same process described above to unearned income.

5. Match Year Unearned Income by Source:

Income by Source:		Tenant Reported	Tenant Reported		
	<u>Federal Tax Amount</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>
U1.	\$ _____				\$ _____ (e)
		\$ _____	\$ _____	_____	\$ _____
		\$ _____	\$ _____	_____	\$ _____
		Reported Unearned Income for Source			\$ _____ (f)
		Unreported Unearned Income for Source (e –f)			\$ _____
U2.	\$ _____				\$ _____ (g)
		\$ _____	\$ _____	_____	\$ _____
		\$ _____	\$ _____	_____	\$ _____
		Reported Unearned Income for Source			\$ _____ (h)
		Unreported Unearned Income for Source (g – h)			\$ _____
		Total Unreported Unearned Income for all Sources			\$ _____

Consider the following, continued example:

If Jane Doe reported interest income from M and N Bank of \$600 annually, but did not report interest from Bank of Boise of \$300, the following would appear on the POA worksheet.

5. Match Year Unearned Income by Source:				
<u>Federal Tax Amount</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>
U1. \$ 600	\$ 600	\$ 50	12	\$ 600 (e)
		Reported Unearned Income for Source		\$ 600 (f)
		Unreported Unearned Income for Source (e –f)		\$ 0
U2. \$ 300	\$ 0	\$ 0	0	\$ 300 (g)
		Reported Unearned Income for Source		\$ 0
				\$ 0 (h)

2.4.4.3 Calculating Total Unreported Income

The POA should add **Total Unreported Earned Income for all Sources** with **Total Unreported Unearned Income for all Sources** to calculate **Total Unreported Income for all Sources** for the tenant.

In the previous example, the Total Unreported Income for all sources for Jane Doe would be \$3,500 which includes \$3,200 earned income plus \$300 unearned income. This amount would be entered on line 6 of the worksheet.

The entire Income Comparison Worksheets is presented in Appendix D.

6. Total Match Year Unreported Income (Earned plus Unearned):	\$3,500
--	----------------

2.5 Calculating Excess Rental Assistance

Once all discrepancy cases for a household are resolved, the POA should calculate excess rental assistance if one or more tenants have valid income discrepancies, that is, income discrepancies of at least \$1,000.

Note: In calculating rental assistance, the POA should adhere to program policies, procedures, and guidelines including the identification and application of exclusions and deductions (See Appendix H and rent restrictions (e.g., ceiling rent and market rent))

To calculate excess rental assistance, the POA can use one of two approaches:

Approach 1 - Total all unreported income, as described in Section 2.4, for a household, apply appropriate deductions and multiply the unreported amount by 30%.

Approach 2 - Subtract the actual monthly assistance received by the household from the monthly rental assistance the household should have received based on total household reported and unreported income. The POA can use its 1998 procedures and/or software to calculate the new level of rental assistance for the match year based on unreported income identified as a result of CMIV discrepancy resolution activities. This involves recalculating rental assistance based on all recertifications affecting match year rental assistance including the last recertification in the year prior to the match year, if applicable. The Excess Rental Assistance Worksheet shown in Table 1 can assist the POA in comparing actual rental assistance with the new level of rental assistance to determine total excess (or underpaid) rental assistance received by the household.

Table 1, Excess Rental Assistance Worksheet – Approach 2

Calculation of Excess Rental Assistance

	Total Rental Assistance Provided to Household (a)	Total Rental Assistance that Should have been Provided to Household (b)	Excess (or Underpaid) Household Rental Assistance (a minus b)
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
	Total Difference (If positive – Excess Rental Assistance) (If negative – Underpaid Rental Assistance)		

For POAs electing to recover excess rental assistance, Appendix I presents a discussion of Administrative and Legal Actions related to recovery.

3 Administrative and Legal Actions

Reserved

4 Discrepancy Resolution Status Reporting and Tracking

This Chapter describes the procedures for POA discrepancy resolution status reporting and tracking, including procedures for accessing and submitting the updates electronically via the Internet.

POAs are required to submit to the Tenant Income Discrepancy Tracking System a quarterly discrepancy case update for each tenant listed in the discrepancy notification. This reporting has been approved under the Paperwork Reduction Act, as amended (OMB No.: 2507-0003).

The cover letter accompanying the discrepancy notification sent to POAs will indicate the first reporting date. This date and subsequent report dates are published on the Tenant Income Verification homepage at:

<http://www.hud.gov/reac/products/prodtass.cfm>

If POAs receive a notification listing several tenants within a single household with potential income discrepancies, the POAs should complete a case tracking update for each tenant identified in the notifications and a household report once all potential discrepancies within the household are resolved.

The information collected from these updates will be used by REAC to determine if POAs are:

- Resolving income discrepancies and identifying false positive discrepancies;
- Identifying excess rental assistance;
- Recovering excess rental assistance; and
- Terminating assistance for those tenants who fail to report.

This information will be useful in determining if CMIV assists POAs in detecting and correcting program abuses by tenants who fail to report income, and in evaluating the effectiveness of POA income verification activities.

4.1 Using the Internet for Discrepancy Resolution Status Reporting

POAs should use the Internet to complete their quarterly status updates on discrepancy resolution for the following reasons:

- The Internet provides a high level of security and enables POAs to complete the status reports quickly and safely.
- Data from prior monthly reports are populated automatically on the status reports.
- Certain fields in the reports are linked logically so that POAs are prompted to complete the reports accurately. For example, if one or more tenants in a household have unreported income, the total unreported income for the household is calculated automatically once all discrepancies within the household are resolved.

If the POA cannot obtain Internet access, the POA should contact the TASS Technical Assistance Center at 1-888-708-8277 for assistance in submitting a status report.

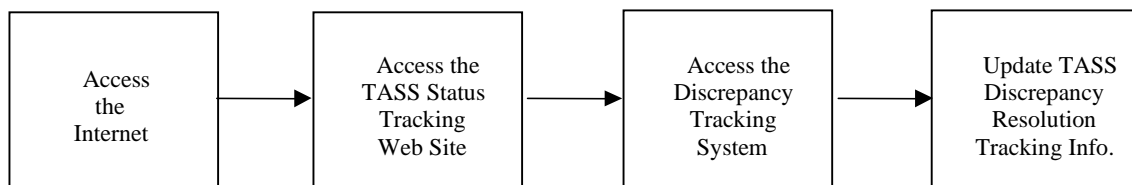
4.2 Reporting Discrepancy Resolution Activities

POAs should make every effort to resolve income discrepancies expeditiously to avoid additional underreporting and payment of excess rental assistance.

4.2.1 Accessing the Status Tracking Web Page

The four major components involved in updating tenant income discrepancy resolution data are shown in Figure 5.

Figure 5, Updating the Tenant Income Discrepancy Resolution



4.2.1.1 Accessing the Internet

POAs must have access to the Internet to submit status reports on-line. The POA will access the Tenant Income Discrepancy Tracking System using a Web Browser that must support the following features:

- a) HTML 3.2 standards;
- b) JavaScript capability; and
- c) Secure Socket Layer (SSL) capability.

POAs should review documentation provided by their Internet Service Provider (ISP) or call their ISP to determine if their Web Browser meets the appropriate specifications.

4.2.1.2 Accessing the TASS Status Tracking Web Site

POAs can access the Tenant Income Discrepancy Tracking System via the REAC Home Page. The procedures for accessing the site are as follows:

In the URL location on the web browser, type the following address:

<http://www.hud.gov/reac>

POAs will be forwarded to the REAC Home Page as shown in Figure 6.

POAs should next select the “products” link to be forwarded to the REAC products page as shown in Figure 7.

Figure 6, REAC Home Page

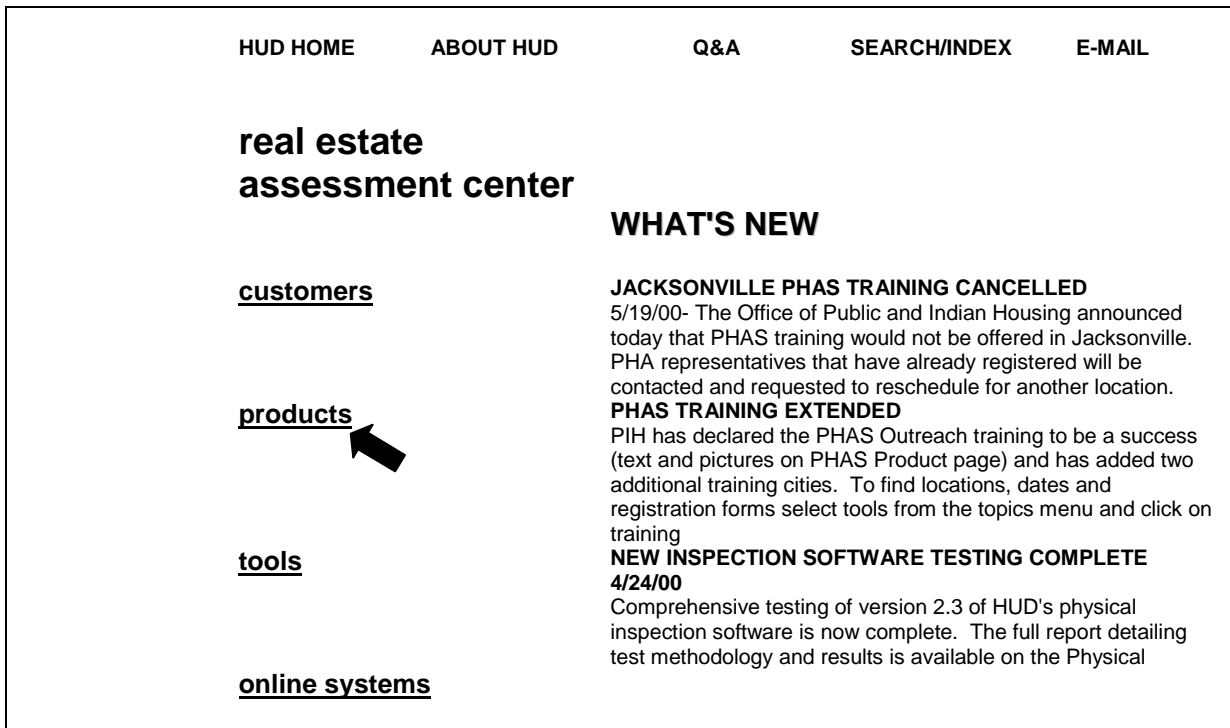


Figure 7, REAC Product Page

TOPICS	reac products
	<p>As part of its commitment to management reform, HUD has improved its oversight of important housing programs by consolidating many assessment functions within REAC. Listed below are descriptions of all the assessment products that REAC produces for HUD and our industry partners. Click on any link to reach a product page containing detailed product information, news, guidance, and valuable links to other sites.</p>
<u>customers</u>	<p><u>PHYSICAL INSPECTION</u> REAC conducts a program of annual physical inspections of public and assisted multifamily housing.</p>
<u>products</u>	<p><u>FINANCIAL ASSESSMENT - MULTIFAMILY</u> Annually, REAC receives and analyzes financial statements from nearly 30,000 HUD insured or assisted multifamily properties.</p>
<u>tools</u>	<p><u>FINANCIAL ASSESSMENT - PUBLIC HOUSING AGENCIES</u> REAC receives and analyzes the annual financial statements of the nation's 3,300 public housing agencies.</p>
<u>online systems</u>	<p><u>CUSTOMER SATISFACTION SURVEY</u> REAC promotes resident participation by use of a random sampling survey process which measures the level of tenant satisfaction with housing conditions</p>
<u>contact us</u>	<p><u>MANAGEMENT OPERATIONS CERTIFICATION</u> The management capability of a PHA is assessed annually based on detailed information submitted electronically by REAC.</p>
<u>reac home</u>	<p><u>PHAS - PUBLIC HOUSING ASSESSMENT SYSTEM</u> Annually, REAC determines the overall performance of the nation's 3,300 PHAs by combining physical, financial, management, and customer satisfaction assessment results.</p> <p><u>TENANT INCOME VERIFICATION</u> Using state of the art fraud prevention technology, REAC helps property administrators verify the income of tenants receiving rental assistance.</p>

To access the Tenant Income Verification link shown in Figure 8, POAs should select the “Tenant Income Verification” option.

Figure 8, Tenant Income Verification Page

HUD HOME ABOUT HUD Q&A SEARCH/INDEX E-MAIL		
tenant income verification		
TOPICS customers products tools online systems contact us reac home	<p>More than 4 million families in the United States receive rental assistance from HUD. The amount of rental assistance a family is eligible to receive is based on a percentage of the family's income. Generally, income must be recertified annually by the program administrators of HUD's rental assistance programs. Click here for more information</p> <p>WHAT'S NEW</p> <p>One Step Login</p> <p>Now you can login to submit or view data on any system from any REAC page. Just select online systems from the Topics menu on the left.</p> <p>HUD and SSA Message</p> <p>Tenant Income Toolbox</p> <table border="1"><tr><td>Reading Room</td></tr></table> <p>Find It</p>	Reading Room
Reading Room		
	<div><p>Documents and Guidance</p><p>News Updates</p><p>Meet the Team</p><p>PDF Viewer</p></div> <p>Hot Links to Other Sites</p> <table border="1"><tr><td>Social Security Administration</td></tr></table> <p>Find It</p>	Social Security Administration
Social Security Administration		

Figure 9 shows the Secure Systems Login on the Online Systems screen after the “LOG IN” button is clicked. POAs should enter their your User ID and password.

Figure 9, Secure System Log-in Screen

HUD HOME ABOUT HUD Q&A SEARCH/INDEX E-MAIL

online systems

TOPICS

- [customers](#)
- [products](#)
- [tools](#)
- [online systems](#)
- [contact us](#)
- [reac home](#)

If you already have a User ID, click on the "Log In" button to proceed directly to Secure Connection. Note that upon log in, the "User Name" field actually requires your user ID.

LOG IN

Username and Password Required X

Enter username for Enterprise Server at hudapps.hud.gov

User Name:

Password:

OK CANCEL

QUICK TIPS DESK REFERENCE

Are you too busy to read the secure systems guide? REAC has prepared handy, one page desk reference sheets with step by step instructions for obtaining user Ids and logging on to the secure systems. They are quick, easy and colorful. [Print them now](#).

If passwords are entered incorrectly three times, accounts are locked and the POAs should contact the TASS Technical Assistance Center – Password Unit at 1-888-245-4860, extension 3319 or 3321 to have accounts unlocked. The first time POAs access the system, they are prompted to change the password. The POAs should make note of the new password, provide it only to key personnel, and keep it in a secure location.

If a POA does not have a user name and password, the POA must register for access to HUD’s secure system. See Section 2.1 for a detailed discussion related to obtain User IDs and TASS system access.

4.2.1.3 Accessing the Discrepancy Tracking System

After successfully logging into the system, the POA will encounter a legal prompt regarding access to the TASS secure web page. The POA should read the warning. If the POA agrees to follow the stipulations in the warning, the POA should click the “Continue” button shown on the screen. The POA will see several secure areas that are accessible on the REAC web site. The POA should select the “Tenant Assessment Subsystem (TASS)” option as shown in Figure 10 to move to the TASS Main Menu shown in Figure 11.

Figure 10, Accessing the TASS Secure Web Site

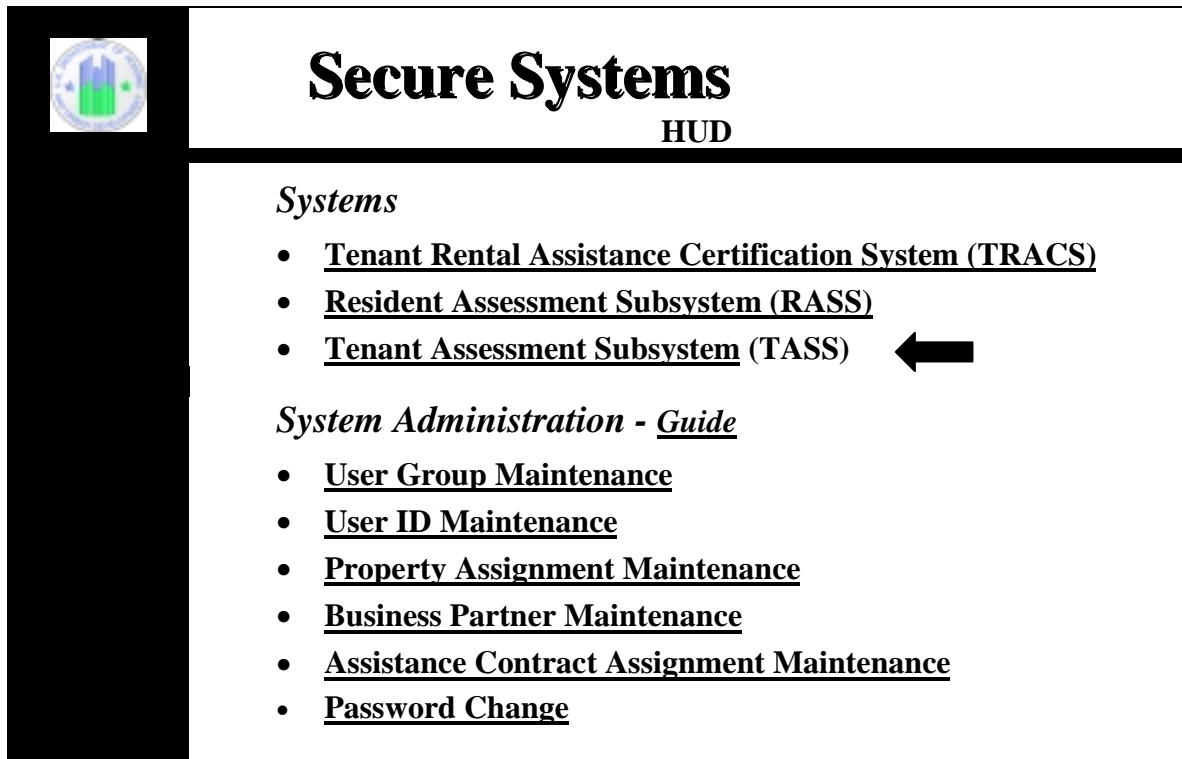



Figure 11, TASS Main Menu

Tenant Assessment Subsystem	
Real Estate Assessment Center	Secure Systems Menu
Main Menu	
Please select an option from the list below.	
<ul style="list-style-type: none">• <u>Social Security and Supplemental Security Income Reports</u>• <u>Tenant Income Discrepancy Notifications and Status Reporting</u> • <u>Technical Assistance Center Functions</u> [for HUD Internal Users only]	

The POA should then click the “Tenant Income Discrepancy Notifications and Status Reporting” option.

4.2.2 Updating TASS Discrepancy Resolution Tracking Information

TASS status reporting is divided into three sections: discrepancy listings by property, contract, or PHA; tenant discrepancy tracking; and household status tracking, as shown in Figure 12. The tracking sections allow the POA to report on either an individual tenant or the entire household.

Figure 12, Discrepancy Tracking Main Menu

Tenant Assessment Subsystem	
<u>TASS Main Menu</u>	<u>Secure Systems Menu</u>
Discrepancy Tracking Main Menu	
Tenants with Potential Income Discrepancies	
<p>This screen can be used to view a list of tenants with potential income discrepancies. The list is divided by properties/PHAs that belong to your portfolio. Please make the appropriate selection and click on the 'View List' button</p>	
<input checked="" type="radio"/> Property <input type="radio"/> Contract <input type="radio"/> PHA	View List
Tenant Discrepancy Tracking Information	
<p>This screen can be used to view a history of tenant discrepancy tracking information and to report the following information pertaining to tenant discrepancy</p> <ul style="list-style-type: none">• Communication with tenant in an effort to resolve a discrepancy• Change in the status of discrepancy resolution	
<p>Please enter the SSN of the tenant you wish to view/update</p>	
Tenant SSN: <input type="text"/> - <input type="text"/> - <input type="text"/>	Search Reset
Household Status Tracking Information	
<p>This screen can be used to view the history of household status information and to report the following information pertaining to a household</p> <ul style="list-style-type: none">• Change in the status of a household• Recovery of excess rental assistance	

The POA is required to enter the social security numbers for either an individual tenant or a head of household. In the case exhibited below, the POA enters the social security number for tenant John Doe. Once the social security number is entered, the POA should click the “Search” button as shown in Figure 13.

Figure 13, Tenant Discrepancy Tracking Information

Tenant Discrepancy Tracking Information									
This screen can be used to view a history of tenant discrepancy tracking information and to report the following information pertaining to tenant discrepancy									
<ul style="list-style-type: none">• Communication with tenant in an effort to resolve a discrepancy• Change in the status of discrepancy resolution									
Please enter the SSN of the tenant you wish to view/update									
Tenant SSN:	345	-	12	-	6789		Search		Reset

Household Status Tracking Information									
This screen can be used to view the history of household status information and to report the following information pertaining to a household									
<ul style="list-style-type: none">• Change in the status of a household• Recovery of excess rental assistance									
Please enter the SSN of the tenant you wish to view/update									
Household SSN:		-		-			Search		Reset

If the POA has entered a valid social security number, the POA proceeds to the income discrepancy history and current discrepancy status for the tenant. If the POA enters an incorrect social security number, the error message shown in Figure 14 will be displayed.

Figure 14, Error Prompt #1

Tenant Assessment Subsystem
The Tenant SSN 123456789 has not been identified as discrepant. Please check the Tenant SSN. Click on the link below to go to the TASS main menu.
<u>TASS Main Menu</u>

The POA should verify the social security number and re-enter the correct social security number for the tenant. If the social security number entered is correct and the POA still receives the error message, the POA should contact the TASS Technical Assistance Center at 1-888-708-8277.

4.2.2.1 Tenant Tracking Menu Page

The *Tenant Tracking Menu* page is designed to provide the POA with the current status of income discrepancy resolution activities for individual tenants. The page includes:

- Current Tenant Information;
- No Change from Prior Report; and
- Communications with the Tenant and Tenant Discrepancy Resolution Status.

4.2.2.2 Current Tenant Information

The *Current Tenant Information* provides the POA with current information on both the tenant and the discrepancy status. In the case shown in Figure 15, John Doe is a tenant at the Anytown Public Housing Agency. Currently, the system shows that no income discrepancy resolution activity has taken place, and that the POA has not contacted the tenant. Once the tracking status updates are submitted to HUD with current information, these fields are automatically updated.


Figure 15, Current Tenant Information

Tenant Assessment Subsystem			
<u>TASS Main Menu</u>	<u>Tenant Menu</u>	<u>Household Menu</u>	<u>Secure Systems Menu</u>
Tenant Tracking Menu			
Current Tenant Information			
Tenant SSN: 345 - 12 - 6789 Name: JOHN DOE			
Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE			
Note: to view the household level information for this tenant click on the "Household Menu" link above.			
Public Housing Agency: AZ045 –Anytown Public Housing Agency			
Tenant Income Discrepancy Resolution			
No record of discrepancy resolution exists. The discrepancy is still unresolved			
Prior communications with tenant			
No record of any prior communications with the tenant exists			

4.2.2.3 No Change from Prior Report

If there is no change in a tenant's income discrepancy resolution status since the last status report, the POA should still submit a quarterly status update for the tenant and indicate that there is no change. If no action has been taken since the last report, the POA should move to the section of the *Tenant Tracking Menu* as shown in Figure 16. On this screen, the POA should click the box that indicates there has been no change since the last report, and click the "Send" button. No further action is required until the next quarterly status update.

Figure 16, No Change from Prior Report

No Change from Prior Report	
If there is no change in the tenant income discrepancy resolution or communications with the tenant check the box below and click on the 'Send' button.	
<input checked="" type="checkbox"/>	<div>Send</div> 



4.2.2.4 Communications with the Tenant and Tenant Discrepancy Resolution Status

The third section of this page is broken down into two links:

- Communications with the Tenant; and
- Tenant Discrepancy Resolution Status.

The POA should use these two links to update the status of individual tenant cases (see Figure 17). By using the first link, the POA can submit information related to communications with the tenant. Once the tenant has been contacted, the POA can use the second link to report the discrepancy resolution status. Detailed information on both these sections are discussed in Sections 4.2.3 and 4.2.4.

Figure 17, Communication with the Tenant and Tenant Discrepancy Resolution Status

<u>Communications with the Tenant</u>  Click here	
Use this screen to report all communications with the tenant. The following actions/events can be reported using this screen:	
<ul style="list-style-type: none"> • Tenant contacted via phone/mail • Failure by tenant to respond to a contact • Tenant claimed non-receipt of HUD letter • Tenant disclosed HUD letter • All activity pertaining to IRS Form 4506 	
<u>Tenant Discrepancy Resolution Status</u>  Click here	
Use this screen to report a resolution of a tenant income discrepancy. The discrepancy resolution status could fall under following categories:	
<ul style="list-style-type: none"> • False Positive • Valid Discrepancy • Discrepancy Under Investigation • No action taken 	

4.2.3 Communications with the Tenant

If the POA had contact with the tenant since the last status report, the POA should update the communication status report. To do this, the POA should select the *Communications with the Tenant* option from the **Tenant Tracking Menu** screen. The POA is then forwarded to the **Tenant Communication Log** screen shown in Figure 18.

Figure 18, Tenant Communication Log

Tenant Assessment Subsystem																			
<u>TASS Main Menu</u>	<u>Tenant Menu</u>																		
<p align="center">Tenant Tracking Menu</p> <table border="1"> <tr> <td colspan="2">Current Tenant Information</td> </tr> <tr> <td>Tenant SSN: 345 - 12 - 6789</td> <td>Name: JOHN DOE</td> </tr> <tr> <td colspan="2">Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE</td> </tr> <tr> <td colspan="2">Note: to view the household level information for this tenant click on the "Household Menu" link above.</td> </tr> <tr> <td colspan="2">Public Housing Agency: AZ045 – Anytown Public Housing Agency</td> </tr> <tr> <td colspan="2">Tenant Income Discrepancy Resolution</td> </tr> <tr> <td colspan="2">No record of discrepancy resolution exists. The discrepancy is still unresolved</td> </tr> <tr> <td colspan="2">Prior communications with tenant</td> </tr> <tr> <td colspan="2">No record of any prior communications with the tenant exists</td> </tr> </table>		Current Tenant Information		Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE	Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE		Note: to view the household level information for this tenant click on the "Household Menu" link above.		Public Housing Agency: AZ045 – Anytown Public Housing Agency		Tenant Income Discrepancy Resolution		No record of discrepancy resolution exists. The discrepancy is still unresolved		Prior communications with tenant		No record of any prior communications with the tenant exists	
Current Tenant Information																			
Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE																		
Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE																			
Note: to view the household level information for this tenant click on the "Household Menu" link above.																			
Public Housing Agency: AZ045 – Anytown Public Housing Agency																			
Tenant Income Discrepancy Resolution																			
No record of discrepancy resolution exists. The discrepancy is still unresolved																			
Prior communications with tenant																			
No record of any prior communications with the tenant exists																			
No Contact with tenant																			
<input type="checkbox"/>	No contact with tenant necessary to resolve discrepancy																		
Tenant Contract # 1. Check all boxes that apply																			
<input type="checkbox"/>	Tenant contacted																		
<input type="checkbox"/>	Tenant did not respond to contact, second letter requested																		
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter, second letter requested																		
<input type="checkbox"/>	Tenant disclosed HUD letter																		
Tenant Contract # 2. Check all boxes that apply																			
<input type="checkbox"/>	Tenant contacted																		
<input type="checkbox"/>	Tenant did not respond to contact, third letter requested																		
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter, third letter requested																		
<input type="checkbox"/>	Tenant disclosed HUD letter																		
Tenant Contract # 3. Check all boxes that apply																			
<input type="checkbox"/>	Tenant contacted																		
<input type="checkbox"/>	Tenant did not respond to contact, letter sent to head of household																		
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter Note: Obtain signed IRS Forms 4506 and 8821 from tenant																		
<input type="checkbox"/>	Tenant disclosed HUD letter without letter to head of household																		
<input type="checkbox"/>	Tenant disclosed HUD letter after letter to head of household																		
Failure to disclose HUD letter or non-receipt of HUD letter. Check all boxes that apply.																			
<input type="checkbox"/>	Tenant signed IRS Forms 4506 and 8821 and forms sent to IRS																		
<input type="checkbox"/>	Tenant refused to sign IRS Forms, letter sent to head of household																		
<input type="checkbox"/>	Response to IRS Forms received																		
Click 'Send' to submit form	<input type="button" value="Send"/> <input type="button" value="Reset"/> Click 'Reset' to clear form																		

The top portion of the screen provides a history related to the income discrepancy resolution status. This history is completed automatically from the information received as of the date of the last POA submission. The other four sections should be completed by the POA, as appropriate. To select an option on this screen, the POA should click the box next to the option. To unselect an option, the POA can click on the box again. To clear all the selections on the screen, the POA can click on the “Reset” button at the bottom of the page. If no contact was made with the tenant during any reporting period, the *No Contact with tenant* option should be selected

4.2.3.1 Tenant Contact #1

In this section, the POA should indicate the initial tenant contact. As shown in Figure 19, the following box should be checked.

Figure 19, Initial Tenant Contact (Portion one)

Tenant Contact # 1. Check all boxes that apply	
<input checked="" type="checkbox"/>	Tenant Contacted

Next, the POA should indicate the result of the contact, as shown in Figure 20. If the tenant did not respond to the first contact, the tenant did not respond box should be checked. If the tenant claimed that he or she did not receive HUD’s letter, the non-receipt box should be checked. In either case, the POA should verify the tenant’s address and call the TASS Technical Assistance Center at 1-888-708-8277 to request that a second letter be sent to the tenant. If the tenant did respond, the POA should indicate that the tenant provided the HUD letter to the POA and proceed to the ***Tenant Discrepancy Resolution Status*** screen.

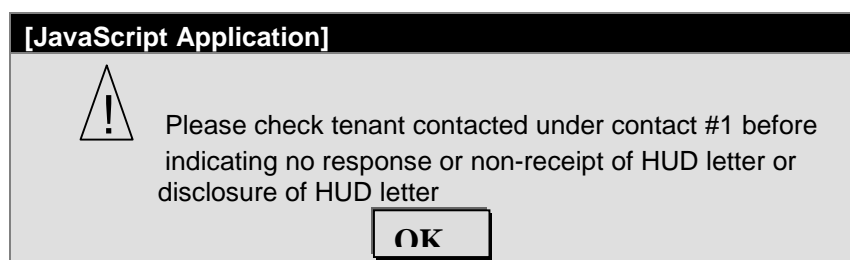
Figure 20, Initial Tenant Contact (Portion Two)

<input checked="" type="checkbox"/>	Tenant did not respond to contact, second letter requested
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter, second letter requested
<input type="checkbox"/>	Tenant disclosed HUD letter

If the tenant did not respond to the POA’s second request, the POA should again contact the TASS Technical Assistance Center to request that the third letter be sent to the tenant. See Section 2.2 for a discussion related to requesting tenant letters.

If the POA checks one of the boxes shown in Figure 20 and attempts to submit the update without also checking the box shown in Figure 19, the POA will receive an error message indicating improper information has been entered. An example of a typical error message is shown in Figure 21.

Figure 21, Error Prompt #2



If this message is received, the POA should click on the “OK” button and return to the *Tenant Contact #1* section to verify that the correct boxes that have been checked.

4.2.3.2 Tenant Contact #2 and Tenant Contact #3

In the *Tenant Contact #2* section, the POA should note the second tenant contact if applicable. If the tenant claimed non-receipt of the first letter, the POA should contact the tenant a second time approximately ten business days after a second letter was requested. After the second tenant contact, the POA should indicate whether the tenant responded, disclosed the letter, or claimed non-receipt of the letter.

The *Tenant Contact #2* section is shown in Figure 22.

Figure 22, Tenant Contact #2

Tenant Contract # 2. Check all boxes that apply	
<input checked="" type="checkbox"/>	Tenant Contacted
<input type="checkbox"/>	Tenant did not respond to contact, third letter requested
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter, third letter requested
<input type="checkbox"/>	Tenant disclosed HUD letter

As in the previous section, the POA should check at least the first box, and any one of the last three boxes shown in Figure 22, to submit an update.

If the tenant should be contacted a third time, the same procedures presented in *Tenant Contact #2* should be followed, except the follow-up letter will be addressed to the tenant’s head of household, as discussed in Section 2.2.2. The *Tenant Contact #3* section is shown in Figure 23.

Figure 23, Tenant Contact #3

Tenant Contract # 3. Check all boxes that apply	
<input type="checkbox"/>	Tenant contacted
<input type="checkbox"/>	Tenant did not respond to contact, letter sent to head of household
<input type="checkbox"/>	Tenant claimed non-receipt of HUD letter Note: Obtain signed IRS Forms 4506 and 8821 from tenant
<input type="checkbox"/>	Tenant disclosed HUD letter without letter to head of household
<input type="checkbox"/>	Tenant disclosed HUD letter after letter to head of household

4.2.3.3 Failure to Disclose HUD Letter or Non-Receipt of HUD Letter

If the tenant claims non-receipt of the HUD letter after all POA contacts, the POA should meet with the tenant and ask that the tenant complete IRS forms 4506 and 8821 as described in Section 2.2.2. These forms allow tenant Federal tax information to be sent directly to the POA. The POA should document if the tenant signed or refused to sign the forms. If the tenant refused to sign the forms, the POA should contact the TASS Technical Assistance Center at 1-888-708- 8277 to obtain copies of materials related to the certified letters sent to the tenants and initiate proceedings to terminate assistance as described in Appendix I. If the tenant signed the forms, the POA should indicate the receipt of tax return information from the IRS. One or more boxes can be checked in this section, as shown in Figure 24.

Figure 24, Failure to Disclose HUD Letter or Non-Receipt of HUD Letter

Failure to disclose HUD letter or non-receipt of HUD letter. Check all boxes that apply.	
<input checked="" type="checkbox"/>	Tenant signed IRS Forms 4506 and 8821 and forms sent to IRS
<input type="checkbox"/>	Tenant refused to sign IRS Forms, letter sent to head of household
<input checked="" type="checkbox"/>	Response to IRS Forms received

However, it should be noted that selecting contradictory options (i.e., *Tenant signed IRS Forms 4506 and 8821 and forms sent to IRS* and *Tenant refused to sign IRS Forms, letter sent to head of household*) results in an error message stating “**Invalid combination of boxes were checked for IRS Forms 4506 and 8821. Please check your input again.**”

4.2.3.4 Completion of Tenant Communication Log

Once the POA has updated the *Tenant Communication Log*, the POA should click on the “Send” button at the bottom of the screen to submit the information to HUD. Again, if the POA realizes incorrect information has been entered, the POA can click the “Reset” button to clear all current entries on the screen. **This action will not erase data that has been previously submitted.** If the POA attempts to submit information with contradictory boxes selected, an error message will appear. The POA should recheck the boxes selected for consistency and make any necessary changes before attempting to submit the information again.

After a successful submission, the POA will return to the *Current Tenant Information* screen. In the sample shown in Figure 25, the only action that occurred during the reporting period was the first tenant contact.

Figure 25, Current Tenant Information Screen

Tenant Assessment Subsystem																	
TASS Main Menu	Tenant Menu																
Household Menu Secure Systems Menu																	
<p>The tenant communication log has been updated. The updated results are displayed below</p>																	
<table border="1"> <tr> <td colspan="2">Current Tenant Information</td> </tr> <tr> <td>Tenant SSN: 345 - 12 - 6789</td> <td>Name: JOHN DOE</td> </tr> <tr> <td colspan="2"> Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE Note: to view the household level information for this tenant click on the "Household Menu" link above. </td> </tr> <tr> <td colspan="2">Public Housing Agency: AZ045 – Anytown Public Housing Agency</td> </tr> <tr> <td colspan="2">Tenant Income Discrepancy Resolution</td> </tr> <tr> <td colspan="2">No record of discrepancy resolution exists. The discrepancy is still unresolved</td> </tr> <tr> <td colspan="2">Prior communications with tenant</td> </tr> <tr> <td colspan="2">Tenant has been contacted. Updated On: Jan. 4, 2000</td> </tr> </table>		Current Tenant Information		Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE	Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE Note: to view the household level information for this tenant click on the "Household Menu" link above.		Public Housing Agency: AZ045 – Anytown Public Housing Agency		Tenant Income Discrepancy Resolution		No record of discrepancy resolution exists. The discrepancy is still unresolved		Prior communications with tenant		Tenant has been contacted. Updated On: Jan. 4, 2000	
Current Tenant Information																	
Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE																
Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE Note: to view the household level information for this tenant click on the "Household Menu" link above.																	
Public Housing Agency: AZ045 – Anytown Public Housing Agency																	
Tenant Income Discrepancy Resolution																	
No record of discrepancy resolution exists. The discrepancy is still unresolved																	
Prior communications with tenant																	
Tenant has been contacted. Updated On: Jan. 4, 2000																	

After completing the *Tenant Communication Log*, the POA can check one of the links shown at the top of the page:

- [TASS Main Menu](#): The POA should check this link to enter information related to another tenant with an income discrepancy.
- [Tenant Menu](#): The POA should check this link to return to the *Tenant Tracking Menu* to continue providing additional status information of the tenant.
- [Household Menu](#): The POA should check the *Household Menu* to report information on the household. (See Section 4.2.5 for more details.)

4.2.4 Tenant Discrepancy Resolution Status

As mentioned above, the POA should click on the *Tenant Menu* link at the top of the page to continue reporting status information for the tenant. If the POA has resolved a tenant discrepancy, the POA should select the *Tenant Discrepancy Resolution Status* at the bottom of the *Tenant Tracking* menu. The POA will be forwarded to the screen shown in Figure 26.

Figure 26, Tenant Discrepancy Resolution Status

Tenant Assessment Subsystem																			
TASS Main Menu	Tenant Menu																		
Household Menu Secure Systems Menu																			
Tenant Discrepancy Resolution Status																			
<table border="1"> <tr> <td colspan="2">Current Tenant Information</td> </tr> <tr> <td>Tenant SSN: 345 - 12 - 6789</td> <td>Name: JOHN DOE</td> </tr> <tr> <td colspan="2">Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE</td> </tr> <tr> <td colspan="2">Note: to view the household level information for this tenant click on the "Household Menu" link above.</td> </tr> <tr> <td colspan="2">Public Housing Agency: AZ045 – Anytown Public Housing Agency</td> </tr> <tr> <td colspan="2">Tenant Income Discrepancy Resolution</td> </tr> <tr> <td colspan="2">No record of discrepancy resolution exists. The discrepancy is still unresolved</td> </tr> <tr> <td colspan="2">Prior communications with tenant</td> </tr> <tr> <td colspan="2">Tenant has been contacted. Updated On: Jan. 4, 2000</td> </tr> </table>		Current Tenant Information		Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE	Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE		Note: to view the household level information for this tenant click on the "Household Menu" link above.		Public Housing Agency: AZ045 – Anytown Public Housing Agency		Tenant Income Discrepancy Resolution		No record of discrepancy resolution exists. The discrepancy is still unresolved		Prior communications with tenant		Tenant has been contacted. Updated On: Jan. 4, 2000	
Current Tenant Information																			
Tenant SSN: 345 - 12 - 6789	Name: JOHN DOE																		
Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE																			
Note: to view the household level information for this tenant click on the "Household Menu" link above.																			
Public Housing Agency: AZ045 – Anytown Public Housing Agency																			
Tenant Income Discrepancy Resolution																			
No record of discrepancy resolution exists. The discrepancy is still unresolved																			
Prior communications with tenant																			
Tenant has been contacted. Updated On: Jan. 4, 2000																			
False Positive																			
<input type="checkbox"/>	Tenant not on POA housing assistance rolls																		
<input type="checkbox"/>	Tenant not at POA for full calendar year 1998																		
<input type="checkbox"/>	POA identified discrepancy prior to HUD notification.																		
<input type="checkbox"/>	Tenant not required to report interim increases in income based on POA Policy and rental assistance was correct for all of 1998.																		
<input type="checkbox"/>	Tenant reported income – No interim increase in assistance required based on POA policy																		
<input type="checkbox"/>	Tenant reported income – HUD data does not agree with POA data																		
<input type="checkbox"/>	Tenant income excluded based on program requirements																		
<input type="checkbox"/>	Income discrepancy less than \$1,000																		
<input type="checkbox"/>	No discrepancy exists. Income identified in HUD letter is incorrect. Tenant supplied proof of income.																		
<input type="checkbox"/>	No discrepancy exists after discrepancy investigation (as applicable)																		
Valid Discrepancy*																			
<input type="checkbox"/>	Tenant agreed with income identified in HUD letter																		
<input type="checkbox"/>	Discrepancy found to be valid after investigation																		
<input type="checkbox"/>	Discrepancy valid based on tenant non-response																		
* Please enter amount of unreported income for calendar year 1998 (\$): <input type="text"/> . <input type="text"/>																			
Any other status																			
<input type="checkbox"/>	No attempt made by POA to resolve the tenant discrepancy																		
<input type="checkbox"/>	Discrepancy under investigation																		
Click 'Send' to submit form <input type="button" value="Send"/> <input type="button" value="Reset"/> Click 'Reset' to clear form																			

The screen contains four sections – a history section and three resolution sections. **Only one box on this screen can be checked for a submission to be accepted.** If more than one box is checked, the POA will receive an error message.

4.2.4.1 False Positive

If the POA determined that the discrepancy was a false positive, the POA should check one of the boxes in this section indicating the reason for the false positive. Once a false positive is selected, the POA should click on the “Send” button. Each false positive determination is discussed below:

- *Tenant not on POA housing assistance rolls:* The tenant is not currently receiving rental assistance in one of the POA’s programs.
- *Tenant not at POA for the full match year:* The tenant did not receive rental assistance from the POA for the full match year.
- *POA identified discrepancy prior to HUD notification:* The POA identified and addressed the income discrepancy prior to receiving HUD’s notification.
- *Tenant not required to report interim increase in income based on POA policy and income correctly reported:* The tenant was not required to report interim income increases during the match year and the income shown in HUD’s tenant letter was correctly reported during the appropriate/relevant (re)certifications affecting match year rental assistance.
- *Tenant reported income – No interim decrease in assistance required based on POA policy and income correctly reported:* The tenant was required to report interim income increases during the match year and the POA’s policy did not require a recalculation of rental assistance based on income increases. Additionally, the income shown in HUD’s tenant letter was correctly reported during the appropriate/relevant (re)certification affecting match year rental assistance.
- *Tenant reported income – HUD data does not agree with POA data:* The tenant reported the income shown in HUD’s letter and the POA correctly calculated rental assistance, but the HUD data shown in the notification was incorrect.
- *Tenant income excluded based on program requirements:* The income shown in the HUD letter is excluded in the calculation of rental assistance. This includes tenants who are subject to market or ceiling rents.

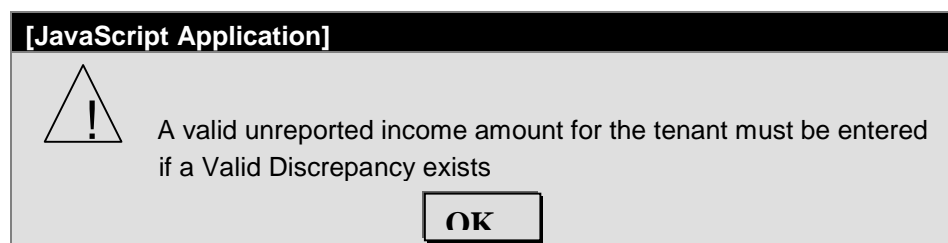
- *Tenant required to report interim increase in income based on POA policy - Income discrepancy less than \$1,000:* The tenant was required to report the income shown in the HUD letter, but the difference between the income reported to the POA and the income in the HUD letter was less than \$1,000.
- *No discrepancy exists. Income identified in HUD letter is incorrect. Tenant supplied proof:* The tenant provided proof that the income shown in HUD's letter was incorrect.
- *No discrepancy exists after discrepancy investigation (as applicable):* The POA investigated the discrepancy and determined that the tenant correctly reported income.

The false positive conditions cited in this section are for POA reporting to HUD only; some conditions classified as false positive for reporting purposes may actually involve abuses of rental assistance programs. The classification of false positives does not preclude POA administrative or legal actions under certain circumstances, e.g., a POA may choose to pursue administrative or legal action for a tenant that moved out, or for a tenant for whom the POA identified an income discrepancy before HUD notification of a potential income discrepancy.

4.2.4.2 Valid Discrepancy

If the POA determined that the discrepancy was valid, the POA should check the box indicating why the discrepancy was valid. In addition, the POA **should** enter the amount of unreported income for the match year. If the POA attempts to submit the status as a valid discrepancy without entering an amount, or if the amount is less than \$1,000, an error message will be displayed, as shown in Figure 27.

Figure 27, Error Prompt #3



Each valid discrepancy determination is discussed below:

- *Tenant agreed with income identified in HUD letter:* The tenant agreed with all the sources and amounts of income shown in HUD's letter.
- *Discrepancy found to be valid after investigation:* The POA investigated the discrepancy and determined that there was a discrepancy between the income shown in HUD's letter and the income the tenant reported to the POA.

- *Discrepancy valid based on tenant non-response:* The tenant did not respond to any POA contacts and/or did not disclose the discrepancy letter to the POA..
- *Discrepancy valid – Tenant not required to report interim increase in income based on POA policy – Tenant did not report income during recertification:* Although the tenant was not required to report income based on the POA’s interim recertification policy, the tenant failed to fully report income during an annual or interim, if based on changes in family composition, (re)certification.

4.2.4.3 Other Status

In the third section of the screen, the POA should indicate any other status information related to the resolution of the income discrepancy including no action taken and discrepancy under investigation.

4.2.4.4 Completion of the Tenant Discrepancy Resolution Status

Once the *Tenant Discrepancy Resolution Status* screen is completed, the POA should click the “Send” button at the bottom of the screen. The POA is then forwarded to a screen showing a summary of the tenant and household information submitted, as shown in Figure 28. For initial status reports, there will be no household information.

Figure 28, Tenant and Household Update Screen

Tenant Assessment Subsystem				
TASS Main Menu		Tenant Menu		Household Menu
<p>The tenant discrepancy resolution status has been updated. The updated results are displayed below</p>				
Current Tenant Information				
Tenant SSN: 345 - 12 - 6789 Name: JOHN DOE				
Head of the Household SSN: 345 - 12 - 6789 Name: JOHN DOE Note: to view the household level information for this tenant click on the "Household Menu" link above.				
Public Housing Agency: AZ045 – Anytown Public Housing Agency				
Tenant Income Discrepancy Resolution				
Tenant agreed with income identified in HUD letter. Last Updated On: Jan. 4, 2000				
Tenant Unreported Income: \$5,000.00				
Prior communications with tenant				
Tenant has disclosed HUD letter after first contact. Updated On: Jan. 4, 2000				
Tenant has been contacted. Updated On: Jan. 4, 2000				
Current Household Information				
Head of Household SSN: 345- 12- 6789 Name: JOHN DOE				
Public Housing Agency: AZ045 – Anytown Public Housing Agency				
Household Discrepancy Resolution Status				
Case Open – One or more tenant discrepancies are not resolved				
Tenant Summary				
Tenant SSN	Tenant Name	Discrepancy Resolution Status	Unreported Income	
<u>135-24-6789</u>	JANE DOE	Discrepancy Resolved Valid Discrepancy	\$5,000.00	
<u>345-12-6789</u>	JOHN DOE	Discrepancy Unresolved	-	

This screen shows the following household information: communications with tenants within the household; the disposition of each tenant income discrepancy; and the amount of any valid discrepancy. In the example shown in Figure 28, Jane Doe agreed with the income shown in HUD's letter and has a valid discrepancy in the amount of \$5,000. In this instance, the household information reveals that an unresolved discrepancy is outstanding for John Doe within the same household.

Household level information cannot be entered and/or submitted until all tenant income discrepancies within a household have been resolved.

To resolve income discrepancies for other tenants within a household, the POA can either click on the tenant's social security number under the *Tenant Summary* section or click on the **TASS Main Menu** link and enter the new social security number on that screen as previously discussed.

4.2.5 Household Tracking Menu

Once discrepancies for all the tenants in a household have been resolved, the POA should click on the ***Household Menu*** option located at the top of the screen. This will forward the tenant to the ***Household Tracking Menu***, as shown in Figure 29.

Figure 29, Household Tracking Menu

Tenant Assessment Subsystem				
<u>TASS Main Menu</u>		<u>Household Menu</u>		<u>Secure Systems Menu</u>
Current Household Information				
Head of Household SSN: 345- 12- 6789 Name: JOHN DOE				
Public Housing Agency: AZ045 – Anytown Public Housing Agency				
Household Discrepancy Resolution Status				
Case Closed – Valid Discrepancy				
Tenant Summary				
Tenant SSN	Tenant Name	Discrepancy Resolution Status	Unreported Income	
<u>135-24-6789</u>	JANE DOE	Discrepancy Resolved Valid Discrepancy	\$5,000.00	
<u>345-12-6789</u>	JOHN DOE	Discrepancy Resolved False Positive	-	
Recovery of Excess Rental Assistance				
No information found on recovery of excess rental assistance				

Household Tracking Menu	
<u>Current Disposition of the Household</u> ← Click here	
Use this screen to report the current disposition of the household. Disposition should be reported for all households. The following dispositions are possible:	
<ul style="list-style-type: none"> • Assistance terminated or tenant evicted • Assistance continues • Unit vacated prior to contact by POA • Unit vacated after contact by POA 	
<u>Recovery of Excess Rental Assistance for Household</u> ← Click here	
For those households that have excess rental assistance enter the following data using this screen:	
<ul style="list-style-type: none"> • Total amount of excess rental assistance • Status of the recovery • Terms of repayment, if any 	

In this example, both tenant discrepancies in the household have been resolved. The POA determined that Jane Doe had unreported income of \$5,000, while John Doe did not have unreported income. By definition, if one or more discrepancies are determined to be valid, the *Household Discrepancy Resolution Status* is noted as “Case Closed – Valid Discrepancy.” If all discrepancies are determined to be false positive discrepancies, the *Household Discrepancy Resolution Status* is noted as “Case Closed – False Positive.” If one or more tenants in the household refused to sign the IRS form 4506, the *Household Discrepancy Resolution Status* is noted as “Case Closed – Refused to Sign 4506.” All POAs should report the *Current Disposition of the Household*.

Note: If a POA elects to pursue the recovery of excess rental assistance, the POA should report the *Recovery of Excess Rental Assistance for the Household*.

4.2.5.1 Recovery of Excess Rental Assistance for the Household

If one or more discrepancies for tenants within a household are valid, the POA should indicate the total amount of excess rental assistance paid by choosing the *Recovery of Excess Rental Assistance for the Household* link on the ***Household Tracking Menu*** to move to the screen shown in Figure 30.

Figure 30, Tenant Discrepancy Resolution Status Options

Excess Rental Assistance	
Total amount of excess rental assistance for the household	\$ <input type="text"/> . <input type="text"/>
Recovery of Excess Rental Assistance	
<input type="checkbox"/>	Administrative or legal action pending
<input type="checkbox"/>	Excess rental assistance recovered in full
<input type="checkbox"/>	Excess rental assistance not recovered
<input type="checkbox"/>	Repayment agreement signed (Please enter Terms of Repayment)
<input type="checkbox"/>	Recovery initiated without signed repayment agreement (Please enter Terms of Repayment)
Terms of Repayment	
Initial payment amount	\$ <input type="text"/> . <input type="text"/>
Monthly payment amount	\$ <input type="text"/> . <input type="text"/>
Number of months over which the apyment will be made	<input type="text"/>
<div>Click 'Send' to submit form</div> <div>Send</div> <div>Reset</div> <div>Click 'Reset' to clear form</div>	

The POA should enter the total excess rental assistance as calculated on the Excess Rental Assistance Worksheet. **The total amount of excess rental assistance entered for the household can not be greater than the total unreported income for the household.**

4.2.5.2 Recovery of Excess Rental Assistance

The POA should enter the results of its recovery efforts. There are five options related to recovery efforts, of which the POA can select **only one**:

- *Administrative or legal action pending;*
- *Excess rental assistance recovered in-full;*
- *Excess rental assistance not recovered (includes POA choice not to pursue recovery of excess rental assistance);*
- *Repayment agreement signed (Please enter Terms of Repayment); and*
- *Recovery initiated without signed repayment agreement (Please enter Terms of Repayment).*

If any of the first three choices are selected, the POA's processing is completed and they should click the "Send" button located at the bottom of the screen. If a repayment agreement has been established, or if recovery has been initiated without a signed repayment agreement, the terms of repayment should be submitted on the discrepancy tracking system per the instructions shown in Section 4.2.5.3 (below).

4.2.5.3 Terms of Repayment

The POA should enter the initial repayment amount, the monthly payment amount, and the total number of months during which recovery will apply. An example of a completed repayment section is shown in Figure 31.

Figure 31, Terms of Repayment

Terms of Repayment	
Initial payment amount	\$ 100 . 00
Monthly payment amount	\$ 100 . 00
Number of months over which the apyment will be made	4
<div>Click 'Send' to submit form</div> <div>Send</div> <div>Reset</div> <div>Click 'Reset' to clear form</div>	

Note: The system compares the total repayment, as calculated by the data entered on this section, with the total excess rental assistance entered earlier. The system displays a message if the repayment total is not consistent with the amount of excess rental assistance. However, the system will accept the terms the POA entered if the POA confirms the amounts as correct. For example, as shown in Figure 32, the POA entered repayment information that was not consistent with the total excess rental assistance owed.

Figure 32, Verification of Repayment Information

JavaScript Application

The total repayment amount calculated from the terms of repayment \$1,400, does not match the total amount of excess rental assistance for the household which is \$500. Do you wish to submit the data without making any changes

OK

Cancel

If the information is correct, the POA should click “OK.” If the information is incorrect, the POA should click “Cancel” to return to the *Terms of Repayment* Screen. Once all the terms of repayment have been entered, the POA should click the “Send” button located at the bottom of the screen.

4.2.5.4 Current Disposition of the Household

The current disposition of the household should be reported for each household included in HUD’s notification. There are four possible options that can be checked, as shown in Figure 33.

Figure 33, Current Disposition of Household Options

Household Disposition	
<input type="checkbox"/>	Assistance terminated or tenant evicted
<input checked="" type="checkbox"/>	Assistance continues
<input type="checkbox"/>	Unit vacated prior to contact by POA
<input type="checkbox"/>	Unit vacated after contact by POA
<div style="display: flex; justify-content: space-between; align-items: center;"> Click ‘Send’ to submit form <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px 10px;">Send</div> <div style="font-size: 2em; margin: 0 10px;">←</div> <div style="border: 1px solid black; padding: 2px 10px;">Reset</div> </div> Click ‘Reset’ to clear form </div>	

The POA should note the household status in this section. This includes: terminating assistance or evicting the tenant; vacating of the unit by the tenant; or continuing rental assistance. If a tenant has unreported income and excess rental assistance and the POA has not recovered the excess assistance or has not entered into a repayment agreement with the tenant and the tenant continues to receive assistance, the POA should document the reason for the continuation of rental assistance in the case folder.

One option from this section should be selected and submitted by clicking on “Send” at the bottom of the page. This will take the POA to the *Household Disposition Update* screen, which provides the current household summary status.

4.2.5.5 Completion of the Household Tracking Menu

Once the POA clicks the “Send” button, the POA is forwarded to a summary of the household information submitted as shown in Figure 34.

Figure 34, Final Household Status Information

Tenant Assessment Subsystem				
<u>TASS Main Menu</u>		<u>Household Menu</u>		<u>Secure Systems Menu</u>
Current Household Information				
Head of Household SSN: 345- 12- 6789 Name: JOHN DOE				
Public Housing Agency: AZ045 – Anytown Public Housing Agency				
Household Discrepancy Resolution Status				
Case Closed – Valid Discrepancy				
Tenant Summary				
Tenant SSN	Tenant Name	Discrepancy Resolution Status	Unreported Income	
<u>135-24-6789</u>	JANE DOE	Discrepancy Resolved Valid Discrepancy	\$5,000.00	
<u>345-12-6789</u>	JOHN DOE	Discrepancy Resolved False Positive	-	
Recovery of Excess Rental Assistance				
Total amount of excess rental assistance: \$500.00				
Repayment agreement signed for \$500.00 with following terms of repayment				
Initial payment amount: \$100.00	Monthly payment amount: \$100.00	Number of months over which the payment will be made: 4		
Household Status				
Assistance continues				

In this example, the summary indicates that the household processing has been completed, the discrepancies for both tenants within the household have been resolved, the recovery of excess rental assistance has been initiated and reported, and the current assistance status for the household is indicated. At this point for a case, no further reporting is required.

If the POA reexamines a case, or obtains new information on a closed case, the case can be “reopened” by selecting the relevant screens and entering the new data. In all cases, a history of the data entered is maintained.

4.2.6 Logging-Out

Once all the updates have been completed and submitted, the POA should log-out of the secure system. To log-out off the system, the POA will exit the browser either by selecting the “Exit” option in the File menu, or by clicking on the small “x” box located in the upper right hand corner of the browser screen. Either action will result in the browser closing and the POA being logged-off the REAC secure server.

5 Field Reviews

TASS field reviewers will conduct the field reviews referenced in this section. The field reviews will be conducted to ensure that POAs are resolving income discrepancies accurately and in compliance with policies, procedures and guidelines. As described in the Preface, HUD urges POAs to exercise flexibility in making any decisions with respect to the recovery of excess rental assistance. HUD is not encouraging any POA to recover excess rental assistance identified as a result of the 1998 computer matching income verification process. Furthermore, HUD Program Offices will not penalize or reward POAs for their decisions to not pursue or pursue recovery of excess rental assistance. When a POA elects to pursue recovery of excess rental assistance, the POA must follow all appropriate due process procedures and existing policies, procedures, and guidelines.

The purposes of the field reviews are to:

- Verify the accuracy of POA discrepancy resolution status reporting;
- Determine if POAs are consistently applying procedures set forth in this Guide;
- Identify areas where POAs require assistance to improve their income discrepancy resolution activities;
- Determine reasons for POA non-reporting, if applicable;
- Assist POAs in discrepancy resolution activities, as appropriate; and
- Identify the need for process improvement related to computer matching income verification activities.

Field reviewers will have established procedures that they will review with POAs during their visit(s). REAC will notify POAs at least two weeks in advance of an on-site visit by a field reviewer. REAC will make every attempt to accommodate POA needs when scheduling field reviews.

6 Glossary

Administrative and Operating Plans – the plans required by HUD for Public Housing and Section 8 Tenant-Based program administrators (Public Housing Agencies) that detail the administrator’s policies and procedures.

Ceiling Rent – the rent cap a family can be charged. Ceiling rent is sometimes referred to as maximum rent.

Computer Matching Agreements – the agreements between HUD and the Internal Revenue Service (IRS) and the Social Security Administration (SSA) that allow the matching of data between each entities databases.

Computer Matching Income Verification (CMIV) – the process that uses the matching of data between HUD, the IRS, and the SSA to identify potentially unreported tenant income.

Contract Rent – the rent HUD, a Public Housing Agency (PHA) or Contract Administrator authorizes an owner to collect for a unit (not public housing) occupied by a family receiving rental assistance.

Discrepancy Letter – the letter that HUD sends to a tenant indicating that a potential discrepancy exists between a tenant’s reported income and a tenant’s income identified by Federal tax data. The letter directs the tenant to provide the letter to the tenant’s POA.

Discrepancy Notification – the notification that HUD sends to a POA with a listing of tenants who were sent discrepancy letters. The notification directs POAs to contact tenants and resolve the potential income discrepancies identified in the tenant letters.

Excess Rental Assistance – the difference between the amount of rental assistance received by a tenant based on reported income and the amount of rental assistance the tenant was entitled to receive.

False Positive Discrepancy – a potential income discrepancy identified from Federal Tax Information matching that upon POA review and/or investigation did not result in unreported income or excess rental assistance or if the discrepancy was less than \$1,000.

Federal Tax Information – the earned and unearned income data provided to HUD by the IRS and the SSA under a computer matching agreement.

Income Discrepancy – the difference between tenant income data maintained in HUD’s tenant databases and Federal tax information.

Interim Recertification Policy – the policy that determines when a tenant should report income increases. The policy also identifies if a POA recalculates rental assistance and, if so, when rental assistance will be increased.

Market Rent – HUD's determination of the rent, including utilities (except telephone), range and refrigerator, parking, and all maintenance, management and other essential housing services, which would be required to obtain privately owned rental housing of modest design with suitable amenities in a particular market area.

Multifamily Tenant Characteristics System (MTCS) – HUD's tenant database for PIH programs.

O/A – owner or agent that administers HUD's Section 8 Project-Based and other Housing rental assistance programs.

PHA – Public Housing Agency that administers HUD's Public Housing and Section 8 Tenant-Based programs (and some Section 8 Project-Based programs).

POA – the term used to refer collectively to Public Housing Agencies and Owners/Agents administering HUD's Public Housing, Section 8 Tenant-Based, Section 8 Project-Based and other Housing rental assistance programs.

Public Housing Program – the same as a Low Rent Program, which is administered by a Public Housing Agency.

Real Estate Assessment Center (REAC) – the entity established to assess HUD's housing portfolio and the entities that administer the portfolio (public housing agencies, owner, and agents).

Section 8 Project-Based Programs – the rental assistance programs administered by either owners or agents and, in some instances, Public Housing Agencies.

Section 8 Tenant-Based Programs – the rental assistance programs administered by Public Housing Agencies in which tenants receive certificates or vouchers.

Tenant Assessment Subsystem (TASS) – the automated system used by HUD to conduct computer matching, create tenant discrepancy letters, POA discrepancy notifications, and track case resolution.

Tenant Identifiers – the tenant's name, social security number, and date of birth.

Tenant Rental Assistance Certification System (TRACS) – a suite of database systems for programs under the Office of Housing. TRACS Tenants is the database which processes tenant certifications, stores complete data and is the location form which Housing households are drawn for the Computer Matching Income Verification process.

Tenant Repayment Agreement – the agreement signed between a POA and a tenant in which the tenant agrees to repay excess rental assistance based on the terms specified in the agreement.

Unreported Income – the difference between the amount of income a tenant reports and the amount of income a tenant is required to report (minus income exclusions).

Valid Discrepancy – the situation in which a tenant’s rental assistance is decreased based on Federal tax information provided in HUD’s discrepancy letter to a tenant.

Verification – the confirmation with the tenant of Federal Tax Information that the tenant discloses to the POA. Confirmation of the Federal Tax Information with employers or financial institutions is essential only if the tenant contests the accuracy of the information.

Appendix A

Sample Tenant Letters and Fact Sheets

DATE:

Housing Agency -

POA Code:
SSN :

Dear Ms.

HUD has been working hard to improve Federal housing programs and increase the availability of affordable housing and community development resources throughout America. We hope you have noticed some of the positive changes in your community.

We are sending you this letter to notify you that HUD is undertaking a program, called the Income Verification Program, to assist your local housing authority in determining your correct rent payment. As you know, families who receive rental assistance are required to provide their public housing authorities (PHAs) with correct income information for all household members. This information is necessary to calculate the correct rent payment for each family. HUD is working to verify that the income reported by families who receive rental assistance is complete and accurate.

Our preliminary analysis shows a difference between the amount of income your PHA has reported on your behalf for the year 1998 and the amount of income that has been reported to Federal agencies by your employers, banks or financial institutions. This information is shown on the back of this letter. There are many possible explanations for why this difference has occurred, and some may affect the amount of your rent.

Please contact your PHA within thirty (30) days of receipt of this letter to set up an appointment to review your income. We have also told your PHA that we sent you this letter, but your PHA has not received a copy. It is essential that you and your PHA work together to determine the correct income for calculating your rent. You must meet with your PHA even if you believe that you correctly reported your income and that you have received this letter in error. Please bring all available information to the meeting so that all parties can make the most informed decision possible. If your income has been underreported and your rent is too low, your current rent may increase. HUD will not require PHAs to make rental adjustments for prior years for underreported income that is identified through this process.

Please refer to the enclosed Fact Sheet for more information concerning income reporting requirements, your rights and responsibilities, and other information about the Income Verification Program. If you have questions regarding this letter that are not answered by the Fact Sheet, please contact your PHA or call HUD toll free at 1-888-825-3916.

Thank you very much for your cooperation.

Enclosure

Para traducción en español por favor llame al 1-800-298-0289, y oprima el número 1.
如需中文翻譯，請打 1-800-298-0289，再選擇 2。
Для перевода на русский язык звоните 1-800-298-0289, наберите 3.
한국어로 번역이 필요하시면 1-800-298-0289 로 전화하시고, 4 번을 누르십시오.
Cần dịch sang tiếng Việt, xin vui lòng gọi số 1-800-298-0289, nhấn số 5.

Head of Household :

DATE:

Housing Agency -

POA Code:

SSN :

Tenant Name:

INCOME FOR CALENDAR YEAR 1998	
SOCIAL SECURITY ADMINISTRATION	
Social Security Benefit Statement	\$ 4,529.00
Wages	\$ 7,708.00

Head of Household :

Page 2 of 2

**** FOR OFFICIAL USE ONLY - FEDERAL TAX INFORMATION ****

HUD's Income Verification Program

This fact sheet is a general guide to resident responsibilities and rights regarding income disclosure and verification. Since some of the requirements vary by locality and by housing subsidy program, residents should always consult their lease agreement or their PHA to determine the specific program requirements that apply. If necessary, please consult with an advocate who can advise you as to the best way to proceed.

What income is used to determine your rent?

The U.S. Department of Housing and Urban Development (HUD) is committed to providing affordable rental housing to families in need. The amount of rental assistance a family is entitled to receive is based on the total income of everyone in the household. All families must certify their income at least once a year. Some programs require residents to report changes in income more often.

The following table shows the most typical types of income that are included in the rent calculation, and those that are excluded. However, all income must be reported to your public housing agency. Check with your public housing agency for questions about other types of income not listed here.

Income used to calculate your rent	Income not used to calculate your rent
<ul style="list-style-type: none">• Wages and Self Employment Earnings• Social Security Benefits• Interest Income• Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans• Dividends and Distributions from Investments• Unemployment Compensation	<ul style="list-style-type: none">• Payments received for the care of foster children• Wages of children under 18 living at home• Payments for student financial assistance• Payments received under certain training programs• Payments for adoption assistance• Temporary or sporadic income payments• The income of a Live-in Aid (not a family member)• Reimbursements for medical expenses• Lump-sum additions to family assets, such as inheritances or insurance settlements

You also are allowed deductions for minors, elderly or disabled persons who live in the household, as well as for childcare and certain medical expenses, when calculating the amount of rental assistance. In addition, if you participated in specific employment training programs, you may be entitled to exclude the increase in your rent under certain circumstances.

You also are allowed deductions when calculating the amount of rental assistance. The following are required deductions for public and assisted housing residents:

- \$480 for each dependent
- \$400 for each elderly or disabled family
- Disability expenses for a family member in excess of three percent (3%) of annual income
- An allowance for medical expenses for elderly or disabled families
- Childcare expenses

Also note that some public housing residents pay “ceiling rents” which cap the rent at market value, even if a resident’s income increases. However, all residents of public or assisted housing must report their income in accordance with their lease in order to determine eligibility for the rent subsidy.

If you have any questions about your income and rent requirements, you should speak with your PHA. You may also call a special toll-free number at HUD for specific questions: 1-888-825-3916.

If you receive a Discrepancy Letter, what does this mean?

It means that the records that your PHA has about your income are different than the records about your income at the Internal Revenue Service or the Social Security Administration. It also means that you must meet with your PHA to determine why your income records do not agree with the IRS and SSA records.

Residents who receive one of these letters and are able to verify that their income was correctly reported (including situations where the report was correct because some income was not required to be counted for purposes of establishing rent) will have no change in their rent or rental assistance.

What if there really is a discrepancy?

If you overstated your income, or your PHA is using an income figure for you that is too high, you may be entitled to a rent reduction. However, if your rent has been too low because you underreported your income, your rent may increase from this point forward. Your PHA may refer your case for enforcement if there is an indication that you fraudulently misreported your income. HUD recommends that PHAs refer such cases to the Department.

What should I do to prepare for my meeting with my PHA?

Gather your paperwork and records about your income for 1998, including this letter. Make sure you understand all the information in your lease and this Fact Sheet. If you still have questions, call HUD at 1-888-825-3916. You may bring a friend or advocate to your meeting to translate or provide advice. You also may request to review any information in your file at the PHA's office that affects the calculation of your rent.

What will happen when I go for my appointment?

You and your PHA will carefully review your income records and the amount of income that the IRS and Social Security Administration show that you earned in 1998. You will work with your PHA staff to resolve any discrepancy and adjust your rent, if necessary. As noted above, you may bring a friend or advocate to your meeting to translate or provide advice.

What if I have a grievance?

Residents have the right to contest actions that reduce, suspend or terminate their rental assistance, or require them to repay rental assistance they have already received. HUD will not require PHAs to make rental adjustments for prior years for underreported income that is identified through the Income Verification Program. If you feel a PHA has acted in error you may seek legal counsel or contact HUD for additional information about your rights and responsibilities under the Income Verification Program. There are several steps:

1) You May Settle the Problem Informally

You should try to resolve the problem by writing to or meeting with your PHA.

2) You Are Entitled to a Hearing (public housing residents only)

You may explain your grievance at a meeting with your housing agency. If you are not able to settle the grievance at this meeting, the housing agency will give you a written decision. If you contest that decision, you may request a formal grievance hearing. A hearing officer or panel appointed by the agency will conduct the hearing. If you do not request a hearing within a reasonable time, then the agency's decision will become final.

3) You May Ask for HUD Intervention

If you believe that you have been treated unfairly, you may call your local HUD Office Director or Program Center Coordinator for further clarification of your rights and responsibilities, and, if you desire, HUD will review the process and housing agency decision before any final action is taken.

4) You May Go to Court

If you still are not satisfied, you have the right to appeal the decision through state and/or local courts.

DATE:

**Owner/Agent -
Property Name:**

**Contract Number:
Project Number:
SSN :**

Dear Ms.

HUD has been working hard to improve Federal housing programs and increase the availability of affordable housing and community development resources throughout America. We hope you have noticed some of the positive changes in your community.

We are sending you this letter to notify you that HUD is undertaking a program, called the Income Verification Program, to assist your property manager in determining your correct rent payment. As you know, families who receive rental assistance are required to provide their property manager with correct income information for all household members. This information is necessary to calculate the correct rent payment for each family. HUD is working to verify that the income reported by families who receive rental assistance is complete and accurate.

Our preliminary analysis shows a difference between the amount of income your property manager has reported on your behalf and the amount of income for the year 1998 that has been reported to Federal agencies by your employers, banks or financial institutions. This information is shown on the back of this letter. There are many possible explanations for why this difference has occurred, and some may affect the amount of your rent.

Please contact your manager within thirty (30) days of receipt of this letter to set up an appointment to review your income. We have also told your manager that we sent you this letter, but your manager has not received a copy. It is essential that you and your manager work together to determine the correct income for calculating your rent. You must meet with your manager even if you believe that you correctly reported your income and that you have received this letter in error. Please bring all available information to the meeting so that all parties can make the most informed decision possible. If your income has been underreported and your rent is too low, your current rent may increase. HUD will not require your manager to make rental adjustments for prior years for underreported income that is identified through this process.

Refer to the enclosed Fact Sheet for more information concerning income reporting requirements, your rights and responsibilities, and other information about the Income Verification Program. If you have questions regarding this letter not answered by the Fact Sheet, please contact your manager or call HUD toll free at 1-888-825-3916.

Thank you very much for your cooperation.

Enclosure

Para traducción en español por favor llame al 1-800-298-0289, y oprima el número 1.
如需中文翻譯，請打 1-800-298-0289，再選擇 2。
Для перевода на русский язык звоните 1-800-298-0289, наберите 3.
한국어로 번역이 필요하시면 1-800-298-0289 로 전화하시고, 4 번을 누르십시오.
Cần dịch sang tiếng Việt, xin vui lòng gọi số 1-800-298-0289, nhấn số 5.

Head of Household :

U.S. Department of Housing and Urban Development
Real Estate Assessment Center - TASS
1280 Maryland Ave, SW, Suite 800
Washington, DC 20024

DATE:

**Owner/Agent -
Property Name:**

**Contract Number:
Project Number:
SSN :**

Tenant Name:

INCOME FOR CALENDAR YEAR 1998	
SOCIAL SECURITY ADMINISTRATION,	
Social Security Benefit Statement	\$ 2,964.00
Statement for Recipients of Interest Income	\$ 21.00

Head of Household :

Page 2 of 2

**** FOR OFFICIAL USE ONLY - FEDERAL TAX INFORMATION ****

HUD's Income Verification Program

This fact sheet is a general guide to resident responsibilities and rights regarding income disclosure and verification. Since some of the requirements vary by locality and by housing subsidy program, residents should always consult their lease agreement or their owner/manager to determine the specific program requirements that apply. If necessary, please consult with an advocate who can advise you as to the best way to proceed.

What income is used to determine your rent?

The U.S. Department of Housing and Urban Development (HUD) is committed to providing affordable rental housing to families in need. The amount of rental assistance a family is entitled to receive is based on the total income of everyone in the household. All families must certify their income at least once a year. Some programs require residents to report changes in income more often.

The following table shows the most typical types of income that are included in the rent calculation, and those that are excluded. However, all income must be reported to your property manager. Check with your property manager for questions about other types of income not listed here.

Income used to calculate your rent	Income not used to calculate your rent
<ul style="list-style-type: none">• Wages and Self Employment Earnings• Social Security Benefits• Interest Income• Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans• Dividends and Distributions from Investments• Unemployment Compensation	<ul style="list-style-type: none">• Payments received for the care of foster children• Wages of children under 18 living at home• Payments for student financial assistance• Payments received under certain training programs• Payments for adoption assistance• Temporary or sporadic income payments• The income of a Live-in Aid (not a family member)• Reimbursements for medical expenses• Lump-sum additions to family assets, such as inheritances or insurance settlements

You also are allowed deductions for minors, elderly or disabled persons who live in the household, as well as for childcare and certain medical expenses, when calculating the amount of rental assistance. However, all residents of assisted housing must report their income in accordance with their lease in order to determine eligibility for the rent subsidy.

You also are allowed deductions when calculating the amount of rental assistance. The following are required deductions for public and assisted housing residents:

- \$480 for each dependent
- \$400 for each elderly or disabled family
- Disability expenses for a family member in excess of three percent (3%) of annual income
- An allowance for medical expenses for elderly or disabled families
- Childcare expenses

If you have any questions about your income and rent requirements, you should speak with your manager. You may also call a special toll-free number at HUD for specific questions:
1-888-825-3916.

If you receive a Discrepancy Letter, what does this mean?

It means that the records that your property manager has about your income are different than the records about your income at the Internal Revenue Service or the Social Security Administration. It also means that you must meet with your manager to determine why your income records do not agree with the IRS and SSA records.

Residents who receive one of these letters and are able to verify that their income was correctly reported (including situations where the report was correct because some income was not required to be counted for purposes of establishing rent) will have no change in their rent or rental assistance.

What if there really is a discrepancy?

If you overstated your income, or your manager is using an income figure for you that is too high, you may be entitled to a rent reduction. However, if your rent has been too low because you underreported your income, your rent may rise. Your property manager may refer your case for enforcement if there is an indication that you fraudulently misreported your income. HUD recommends that managers refer such cases to the Department.

What should I do to prepare for my meeting with my manager?

Gather your paperwork and records about your income for 1998, including this letter. Make sure you understand all the information in your lease and this Fact Sheet. If you still have questions, call HUD at 1-888-825-3916. You may bring a friend or advocate to your meeting to translate or provide advice. You also may request to review any information in your file at the property manager's office that affects the calculation of your rent.

What will happen when I go for my appointment?

You and your manager will carefully review your income records and the amount of income that the IRS and Social Security Administration show that you earned in 1998. You will work with your manager to resolve any discrepancy and adjust your rent, if necessary. As noted above, you may bring a friend or advocate to your meeting to translate or provide advice.

What if I have a grievance?

Residents have the right to contest actions that reduce, suspend or terminate their rental assistance, or require them to repay rental assistance they have already received. Of course, HUD will not require your manager to make rental adjustments for prior years for underreported income that is identified through this process. If you feel a manager has acted in error, you may seek legal counsel. There are several steps:

1) You May Settle the Problem Informally

You should try to resolve the problem by writing to or meeting with your manager.

2) You May Ask for HUD Intervention

If you believe that you have been treated unfairly, you may call your local HUD Office of Housing for further clarification of your rights and responsibilities, and, if you desire, HUD will review the process and your manager's decision before any final action is taken.

3) You May Go to Court

If you still are not satisfied, you have the right to appeal the decision through state and/or local courts.

Appendix B

Sample IRS Forms

Request for Copy or Transcript of Tax Form

► Read instructions before completing this form.

OMB No. 1545-0429

► Type or print clearly. Request may be rejected if the form is incomplete or illegible.

Note: *Do not use this form to get tax account information. Instead, see instructions below.*

1a Name shown on tax form. If a joint return, enter the name shown first.	1b First social security number on tax form or employer identification number (see instructions)						
2a If a joint return, spouse's name shown on tax form	2b Second social security number on tax form <div style="text-align: center;"> : : : : : : </div>						
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code							
4 Address, (including apt., room, or suite no.), city, state, and ZIP code shown on the last return filed if different from line 3							
5 If copy of form or a tax return transcript is to be mailed to someone else, enter the third party's name and address							
6 If we cannot find a record of your tax form and you want the payment refunded to the third party, check here <input type="checkbox"/>							
7 If name in third party's records differs from line 1a above, enter that name here (see instructions) ►							
8 Check only one box to show what you want. There is no charge for items 8a, b, and c: a <input type="checkbox"/> Tax return transcript of Form 1040 series filed during the current calendar year and the 3 prior calendar years (see instructions). b <input type="checkbox"/> Verification of nonfiling. c <input type="checkbox"/> Form(s) W-2 information (see instructions). d <input type="checkbox"/> Copy of tax form and all attachments (including Form(s) W-2, schedules, or other forms). The charge is \$23 for each period requested. Note: <i>If these copies must be certified for court or administrative proceedings, see instructions and check here</i> <input type="checkbox"/>							
9 If this request is to meet a requirement of one of the following, check all boxes that apply. <input type="checkbox"/> Small Business Administration <input type="checkbox"/> Department of Education <input type="checkbox"/> Department of Veterans Affairs <input type="checkbox"/> Financial institution							
10 Tax form number (Form 1040, 1040A, 941, etc.)	12 Complete only if line 8d is checked. Amount due: <table style="width: 100%;"> <tr> <td style="width: 80%;">a Cost for each period</td> <td style="width: 20%; text-align: right;">\$ 23.00</td> </tr> <tr> <td>b Number of tax periods requested on line 11</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>c Total cost. Multiply line 12a by line 12b. . .</td> <td style="text-align: right;">\$</td> </tr> </table> Full payment must accompany your request. Make check or money order payable to "Internal Revenue Service."	a Cost for each period	\$ 23.00	b Number of tax periods requested on line 11	\$	c Total cost. Multiply line 12a by line 12b. . .	\$
a Cost for each period	\$ 23.00						
b Number of tax periods requested on line 11	\$						
c Total cost. Multiply line 12a by line 12b. . .	\$						
11 Tax period(s) (year or period ended date). If more than four, see instructions. <div style="border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>							

Caution: *Before signing, make sure all items are complete and the form is dated.*

I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. I am aware that based upon this form, the IRS will release the tax information requested to any party shown on line 5. The IRS has no control over what that party does with the information.

Please Sign Here		Telephone number of requester ()
	Signature. See instructions. If other than taxpayer, attach authorization document.	Date
	Title (if line 1a above is a corporation, partnership, estate, or trust)	Best time to call
	Spouse's signature	Date

**TRY A TAX RETURN
TRANSCRIPT** (see line 8a instructions)
Instructions

Section references are to the Internal Revenue Code.

TIP: If you had your tax form filled in by a paid preparer, check first to see if you can get a copy from the preparer. This may save you both time and money.

Purpose of Form.—Use Form 4506 to get a tax return transcript, verification that you did not file a Federal tax return, Form W-2 information, or a copy of a tax form. Allow 6 weeks after you file a tax form before you request a copy of it or a transcript. For W-2

information, wait 13 months after the end of the year in which the wages were earned. For example, wait until Feb. 1999 to request W-2 information for wages earned in 1997.

Do not use this form to request Forms 1099 or tax account information. See this page for details on how to get these items.

Note: *Form 4506 must be received by the IRS within 60 calendar days after the date you signed and dated the request.*

How Long Will It Take?—You can get a tax return transcript or verification of nonfiling within 7 to 10 workdays after the IRS receives your request. It can take up to 60 calendar

days to get a copy of a tax form or W-2 information. To avoid any delay, be sure to furnish all the information asked for on Form 4506.

Forms 1099.—If you need a copy of a Form 1099, contact the payer. If the payer cannot help you, call or visit the IRS to get Form 1099 information.

Tax Account Information.—If you need a statement of your tax account showing any later changes that you or the IRS made to the original return, request tax account information. Tax account information lists

(Continued on back)

certain items from your return, including any later changes.

To request tax account information, write or visit an IRS office or call the IRS at the number listed in your telephone directory.

If you want your tax account information sent to a third party, complete **Form 8821**, Tax Information Authorization. You may get this form by phone (call 1-800-829-3676) or on the Internet (at <http://www.irs.ustreas.gov>).

Line 1b.—Enter your employer identification number (EIN) **only** if you are requesting a copy of a **business** tax form. Otherwise, enter the first social security number (SSN) shown on the tax form.

Line 2b.—If requesting a copy or transcript of a joint tax form, enter the second SSN shown on the tax form.

Note: If you do not complete line 1b and, if applicable, line 2b, there may be a delay in processing your request.

Line 5.—If you want someone else to receive the tax form or tax return transcript (such as a CPA, an enrolled agent, a scholarship board, or a mortgage lender), enter the name and address of the individual. If we cannot find a record of your tax form, we will notify the third party directly that we cannot fill the request.

Line 7.—Enter the name of the client, student, or applicant if it is different from the name shown on line 1a. For example, the name on line 1a may be the parent of a student applying for financial aid. In this case, you would enter the student's name on line 7 so the scholarship board can associate the tax form or tax return transcript with their file.

Line 8a.—If you want a tax return transcript, check this box. Also, on line 10 enter the tax form number and on line 11 enter the tax period for which you want the transcript.

A tax return transcript is available only for returns in the 1040 series (Form 1040, Form 1040A, 1040EZ, etc.). It shows most line items from the original return, including accompanying forms and schedules. In many cases, a transcript will meet the requirement of any lending institution such as a financial institution, the Department of Education, or the Small Business Administration. It may also be used to verify that you did not claim any itemized deductions for a residence.

Note: A tax return transcript **does not** reflect any changes you or the IRS made to the original return. If you want a statement of your tax account with the changes, see **Tax Account Information** on page 1.

Line 8b.—Check this box only if you want proof from the IRS that you did not file a return for the year. Also, on line 11 enter the tax period for which you want verification of nonfiling.

Line 8c.—If you want only Form(s) W-2 information, check this box. Also, on line 10 enter "Form(s) W-2 only" and on line 11 enter the tax period for which you want the information.

You may receive a copy of your actual Form W-2 or a transcript of the information, depending on how your employer filed the form. However, state withholding information is not shown on a transcript. If you have filed your tax return for the year the wages were earned, you can get a copy of the actual Form W-2 by requesting a complete copy of your return and paying the required fee.

Contact your employer if you have lost your current year's Form W-2 or have not received it by the time you are ready to prepare your tax return.

Note: If you are requesting information about your spouse's Form W-2, your spouse must sign Form 4506.

Line 8d.—If you want a certified copy of a tax form for court or administrative proceedings, check the box to the right of line 8d. It will take at least 60 days to process your request.

Line 11.—Enter the year(s) of the tax form or tax return transcript you want. For fiscal-year filers or requests for quarterly tax forms, enter the date the period ended; for example, 3/31/96, 6/30/96, etc. If you need more than four different tax periods, use additional Forms 4506. Tax forms filed 6 or more years ago may not be available for making copies. However, tax account information is generally still available for these periods.

Line 12c.—Write your SSN or EIN and "Form 4506 Request" on your check or money order. If we cannot fill your request, we will refund your payment.

Signature.—Requests for copies of tax forms or tax return transcripts to be sent to a third party must be signed by the person whose name is shown on line 1a or by a person authorized to receive the requested information.

Copies of tax forms or tax return transcripts for a jointly filed return may be furnished to either the husband or the wife. Only one signature is required. However, see the line 8c instructions. Sign Form 4506 exactly as your name appeared on the original tax form. If you changed your name, **also** sign your current name.

For a corporation, the signature of the president of the corporation, or any principal officer and the secretary, or the principal officer and another officer are generally required. For more details on who may obtain tax information on corporations, partnerships, estates, and trusts, see section 6103.

If you are **not** the taxpayer shown on line 1a, you must attach your authorization to receive a copy of the requested tax form or tax return transcript. You may **attach a copy of the authorization document** if the original has already been filed with the IRS. This will generally be a **power of attorney** (Form 2848), or **other authorization**, such as Form 8821, or evidence of entitlement (for Title 11 Bankruptcy or Receivership Proceedings). If the taxpayer is deceased, you must send Letters Testamentary or other evidence to establish that you are authorized to act for the taxpayer's estate.

Where To File.—Mail Form 4506 with the correct total payment attached, if required, to the **Internal Revenue Service Center** for the place where you lived when the requested tax form was filed.

Note: You must use a separate form for each service center from which you are requesting a copy of your tax form or tax return transcript.

If you lived in:	Use this address:
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	1040 Waverly Ave. Photocopy Unit Stop 532 Holtsville, NY 11742
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	310 Lowell St. Photocopy Unit Stop 679 Andover, MA 01810
Florida, Georgia, South Carolina	4800 Buford Hwy. Photocopy Unit Stop 91 Doraville, GA 30362

Indiana, Kentucky, Michigan, Ohio, West Virginia	P.O. Box 145500 Photocopy Unit Stop 521 Cincinnati, OH 45250
Kansas, New Mexico, Oklahoma, Texas	3651 South Interregional Hwy. Photocopy Unit Stop 6716 Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	P.O. Box 9941 Photocopy Unit Stop 6734 Ogden, UT 84409
California (all other counties), Hawaii	5045 E. Butler Avenue Photocopy Unit Stop 52180 Fresno, CA 93888
Illinois, Iowa, Minnesota, Missouri, Wisconsin	2306 E. Bannister Road Photocopy Unit Stop 6700, Annex 1 Kansas City, MO 64999
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	P.O. Box 30309 Photocopy Unit Stop 46 Memphis, TN 38130
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, a foreign country, or A.P.O. or F.P.O. address	11601 Roosevelt Blvd. Photocopy Unit DP 536 Philadelphia, PA 19255

Privacy Act and Paperwork Reduction Act

Notice.—We ask for the information on this form to establish your right to gain access to your tax form or transcript under the Internal Revenue Code, including sections 6103 and 6109. We need it to gain access to your tax form or transcript in our files and properly respond to your request. If you do not furnish the information, we will not be able to fill your request. We may give the information to the Department of Justice or other appropriate law enforcement official, as provided by law.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 13 min.; **Learning about the law or the form**, 7 min.; **Preparing the form**, 26 min.; and **Copying, assembling, and sending the form to the IRS**, 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where To File** on this page.



Tax Information Authorization

► IF THIS AUTHORIZATION IS NOT SIGNED AND DATED, IT WILL BE RETURNED.

OMB No. 1545-1165

For IRS Use Only

Received by:

Name _____

Telephone (_____) _____

Function _____

Date ____/____/____

1 Taxpayer information.

Taxpayer name(s) and address (please type or print)

Social security number(s)

Employer identification number

Daytime telephone number

Plan number (if applicable)

2 Appointee.

Name and address (please type or print)

CAF No. _____

Telephone No. (_____) _____

Fax No. (_____) _____

Check if new: Address ☐

Telephone No. ☐

3 Tax matters. The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line.

(a) Type of Tax (Income, Employment, Excise, etc.)	(b) Tax Form Number (1040, 941, 720, etc.)	(c) Year(s) or Period(s)	(d) Specific Tax Matters (see instr.)

4 Specific use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. (See the instructions on page 2.) ☐
If you checked this box, skip lines 5 and 6.

5 Disclosure of tax information (you must check box 5a or b unless box 4 is checked):

a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box ☐

b If you do not want any copies of notices or communications sent to your appointee, check this box ☐

6 Retention/revocation of tax information authorizations. This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed above on line 3 unless you checked the box on line 4. If you do not want to revoke a prior tax information authorization, you MUST attach a copy of any authorizations you want to remain in effect AND check this box ☐
To revoke this tax information authorization, see the instructions on page 2.

7 Signature of taxpayer(s). If a tax matter applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute this form with respect to the tax matters/periods covered.

Signature Date

Signature Date

Print Name Title (if applicable)

Print Name Title (if applicable)

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Change To Note. New column (d) is added to line 3 for specific tax matters. Use column (d) to specify tax information that is to be provided by the IRS. See the line 3 instructions on page 2.

Purpose of form. Form 8821 authorizes any individual, corporation, firm, organization, or partnership you designate to inspect and/or receive confidential information in any office of the IRS for the type of tax and the years or periods you list on this form.

Form 8821 does not authorize your appointee to advocate your position with respect to the Federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If you want to authorize an individual to represent

you, use **Form 2848**, Power of Attorney and Declaration of Representative, instead of Form 8821. You may file your own tax information authorization without using Form 8821, but it must include all the information that is requested on the form.

Taxpayer identification numbers (TINs). TINs are used to identify taxpayer information with corresponding tax returns. It is important that you furnish correct names, social security numbers (SSNs), individual taxpayer identification numbers (ITINs), or employer identification numbers (EINs) so that the IRS can respond to your request.

Fiduciaries. A fiduciary (trustee, executor, administrator, receiver, or guardian) stands in the position of a taxpayer and acts as the taxpayer. Therefore, a fiduciary does not act as an appointee and should not file Form 8821. File **Form 56**, Notice Concerning Fiduciary Relationship, to notify the IRS of the existence of a

fiduciary relationship. If a fiduciary wishes to authorize an appointee to inspect and/or receive confidential tax information on behalf of the fiduciary, Form 8821 must be filed and signed by the fiduciary acting in the position of the taxpayer.

Partnership items. Sections 6221–6231 authorize a Tax Matters Partner to perform certain acts on behalf of an affected partnership. Rules governing the use of Form 8821 do not replace any provisions of the above-referenced sections.

Filing the tax information authorization. File the original, photocopy, or facsimile transmission (fax) of Form 8821 with each IRS office in which you want your appointee to inspect and/or receive confidential tax information on your behalf. If Form 8821 is filed for a matter currently pending before an office of the IRS, such as an examination, file the authorization with that office. Otherwise, file the authorization with the service center where the related return was, or will be, filed. See the instructions for the related tax return for the service center addresses. Form 8821 must be received by the IRS within 60 days of the date it was signed and dated by the taxpayer.

Specific Instructions

Line 1—Taxpayer information

Individuals. Enter your name, TIN, and street address in the space provided. If a joint return is used, also enter your spouse's name and TIN. Also enter your EIN if applicable.

Corporations, partnerships, or associations. Enter the name, EIN, and business address.

Employee plan. Enter the plan name, EIN of the plan sponsor, three-digit plan number, and business address of the plan sponsor.

Trust. Enter the name, title, and address of the trustee, and the name and EIN of the trust.

Estate. Enter the name, title, and address of the decedent's executor/personal representative, and the name and identification number of the estate. The identification number for an estate includes both the EIN, if the estate has one, and the decedent's TIN.

Line 2—Appointee. Enter the name of your appointee. Use the identical name on all submissions. If you wish to name more than one appointee, indicate so on this line and attach a list to the form.

Note: Only the first three appointees you list will be input on the CAF.

Enter the nine-digit CAF number for each appointee. If an appointee has a CAF number for any previously filed Form 8821 or power of attorney (Form 2848), use that number. If a CAF number has not been assigned, enter "NONE," and the IRS will issue one directly to your appointee.

The CAF number is a number that the IRS assigns to appointees. The appointee must use the CAF number on all future Forms 8821 or 2848. The IRS does not assign CAF numbers to requests for employee plans and exempt organizations.

Line 3—Tax matter(s). Enter the type of tax, the tax form number, the years or periods, and the specific tax matter. Enter "Not applicable," in any of the columns that do not apply.

In **column (c)**, write the years using the YYYY format, for example, "1998." **Do not** use general references such as "all years," or "all periods." If you do, your application will be returned.

You may list any prior years or periods, but for future periods, you are limited to the 3 future periods that end no later than 3 years after the date Form 8821 is received by the IRS. For **employment tax** or **excise tax** returns, enter the applicable quarters of the tax year. For **estate tax** returns, enter the date of the taxpayer's death instead of the year or period.

In **column (d)**, enter any specific information you want the IRS to provide. Examples of column (d) information are: transcript of an account, a balance due amount, a specific tax schedule, or a tax liability.

For requests regarding a **foreign certification** shown on **Form 6166**, Certification of Filing A Tax Return, enter "Form 6166" in column (d) and check the box on line 4.

Line 4—Specific use not recorded on CAF. Generally, the IRS records all tax information authorizations on the CAF system. However, authorizations relating to a specific issue are not recorded.

Check the box on line 4 if Form 8821 is filed for any of the following reasons: (1) requests to disclose information to loan companies or educational institutions, (2) requests to disclose information to Federal or state agency investigators for background checks, (3) civil penalty issues, (4) trust fund recovery penalty, (5) application for EIN, and (6) claims filed on **Form 843**, Claim for Refund and Request for Abatement. If you check the box on line 4, your appointee should submit a copy of Form 8821 with each written request to receive information by mail or bring a copy of Form 8821 to each appointment to inspect or receive information. A specific use tax information authorization does not automatically revoke any prior tax information authorizations.

Line 6—Retention/revocation of tax information authorizations.

Check the box on this line and attach a copy of the tax information authorization you do not want to revoke.

To revoke an existing authorization, send a copy of the previously executed Form 8821 to each IRS office where it was filed. Write "REVOKE" across the top of the form and sign your name again under the existing signature (line 7). If you do not have a copy of the prior Form 8821, send a letter to each IRS office where you filed it. The letter must indicate that the authority of the tax information authorization is revoked and must be signed by the taxpayer. Include the name and address of each appointee whose authority is revoked.

Note: Filing Form 8821 does not revoke any Form 2848 that is in effect.

Line 7—Signature of taxpayer(s)

Individuals. You must sign and date the authorization. **Either** husband or wife must sign if Form 8821 applies to a joint return.

Corporations. Generally, Form 8821 can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer, and (4) any other person authorized to access information under section 6103(e).

Partnerships. Generally, Form 8821 can be signed by any person who was a member of the partnership during any part of the tax period covered by Form 8821. See **Partnership items** above.

Other. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Form 8821 is provided by the IRS for your convenience and its use is voluntary. If you designate an appointee to inspect and/or receive confidential tax information, you are required by section 6103(c) to provide the information requested on the form. Under section 6109, you must disclose your social security number (SSN), employer identification number (EIN), or individual taxpayer identification number (ITIN).

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also give this information to other countries pursuant to tax treaties.

You are not required to provide the information requested on a form unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Disclosure of the information on this form may be made as provided in section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping, 7 min.; **Learning about the law or the form**, 12 min.; **Preparing the form**, 24 min.; **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send Form 8821 to this address. Instead, see **Filing the tax information authorization** on this page.



Appendix C

Discussion of Income Verification

Discussion of Income Verification

In some situations, the POA may find it necessary to verify tenant income, particularly if it pursues termination of assistance or eviction. The following section provides information on POA procedures for verifying tenant income via a third party.

This computer matching income verification initiative does not include all types of income. Therefore, this section provides information only for income sources included in this initiative.

Employment Income (Wages). The POA must be certain that the source used contains sufficient information to accurately verify tenant income for the match year. It is especially important that the rate of pay be clearly stated (hourly, weekly, bi-weekly, monthly, bi-monthly, etc.), and that any anticipated increases in pay, along with the effective dates, are included where applicable.

- a) Documents Provided by the Tenant. The tenant can provide payroll check stubs or earning statements showing employer, gross pay amount, rate, time covered, etc. W-2 forms for tenants who have held the same position with an employer for at least one calendar year are also acceptable. Also, tenants can request that a copy of their most recent tax return (IRS Forms 4506 and 8821) be sent to the POA from the Internal Revenue Service.
- b) Third-Party Verification. The POA should telephone the employer with a request to obtain the information, and send an employment verification form (with a signed release from the tenant). The employer should then complete and return the form to the POA. Another alternative for Public Housing Authorities (PHAs), but not Owner/Agents, is to contact State Wage Information Collection Agencies (SWICAs), providing that an information-sharing agreement has been established and a verification form with a signed release is used. Any information received should be properly documented.

Self-Employment Income. The POA must be certain that the source used contains sufficient information to accurately verify tenant income for the match year. It is especially important that the rate of pay be clearly spelled out (hourly, weekly, bi-weekly, monthly, bi-monthly, etc.), and that any increases in pay, along with the effective dates, are included where applicable.

- a) Documents Provided by the Tenant. If possible, self-employed tenants should provide their most recent W-2 forms. Tenants can also request that a copy of their latest tax return (IRS Forms 4506 and 8821) be sent to the POA from the Internal Revenue Service.
- b) Third-Party Verification. Not applicable.

Unemployment Compensation.

- a) Documents Provided by the Tenant. The tenant can provide records from his or her local unemployment office stating payment dates and amounts. Also, he or she can present a copy of a current or recent check for POA examination. The POA should record all information for their files.
- b) Third-Party Verification. The POA should contact the state unemployment compensation board or agency with a request to obtain the information, and send a verification form (with a signed release from the tenant). The board or agency should then complete and return the form to the POA. Any information received should be properly documented.

Savings Account Interest Income and Dividend Income. The POA must be certain that the source used contains sufficient information to verify tenant income as accurately as possible for the match year.

- a) Documents Provided by the Tenant. Acceptable documents include current financial statements, bank passbooks, certificates of deposit, etc., as long as the records contain sufficient information, validated by the financial institution, such as the current rate of interest. In addition, the tenant can submit copies of recent income tax returns and IRS Form 1099s.
- b) Third-Party Verification. The POA should contact the appropriate savings institution or entity with a request to obtain the information, and send a verification form (with a signed release from the tenant). The institution or entity should then complete and return the form to the POA. Any information received should be properly documented.

Assets. This category includes value of equity in real property, savings, stocks, bonds, and other forms of capital investment. Sums in checking accounts, safe deposit boxes, and cash that the tenant has not deposited into a savings account, although available for that purpose are also considered assets.

- a) Documents Provided by the Tenant. Passbooks, checking account statements, certificates of deposit, bonds, and other financial statements validated by the appropriate financial institution or other entity are acceptable. The tenant may present copies of real estate tax statements which indicate current market value of real property and information regarding any outstanding indebtedness, where applicable. The tenant can also submit copies of sales documents with the selling price of the real property, along with sufficient information to determine the amount which has already been liquidated (and is deductible) through principal payments made by the buyer to date.
- b) Third-Party Verification. The POA should contact the appropriate parties with a request to obtain the information, and send a verification form (with a signed

release from the tenant). A completed verification form, written confirmation, or other documents should be submitted to the POA. Any information received should be properly documented.

Figure 1. Tenant Proof and Income Verification Sources by Income Type

INCOME TYPE	TENANT PROOF	THIRD-PARTY VERIFICATION
Self-Employment Income	IRS Form 1099	Not applicable
Social Security, Pension	Copy of current/recent check Award letters Copies of deposit slips	Completed verification form from appropriate agency
Unemployment Compensation	Unemployment office records Copy of current/recent check	Completed verification form from state board or agency
Savings Account Interest Income and Dividend Income	Current financial statements Bank passbooks Certificates of deposit Other financial statements	Completed verification form
Assets	Passbooks Checking account statements Certificates of deposit Bonds Other financial statements	Completed verification form Written confirmation Official document(s)

Appendix D

Income Comparison Worksheet and Excess Rental Assistance Worksheet

Income Comparison Worksheet for Verified or Agreed Upon Income – Short Form
(See Back for Directions)

Head of Household Name: _____ **H of H SSN:** _____

Tenant Name: _____ **Tenant SSN:** _____

1. **Did ceiling or market rent apply for the household for the full match year?** ____ Yes ____ No
(If yes, identify as false positive and do not continue with worksheet.)
2. **Did the tenant report all income affecting match year rental assistance according to program guidelines?**
(If yes, identify as false positive and do not continue with worksheet. If no, go to 3.) ____ Yes ____ No
3. **Match Year Federal Tax Data:** (Do not continue with income comparison for any excluded income)
 Earned Income 1 (E1): Federal Tax Source: _____ Excluded Income: Y or N
 Earned Income 2 (E2): Federal Tax Source: _____ Excluded Income: Y or N
 Unearned Income 1 (U1): Federal Tax Source: _____ Excluded Income: Y or N
 Unearned Income 2 (U2): Federal Tax Source: _____ Excluded Income: Y or N

4. Match Year Earned Income by Source:

<u>Federal Tax Amount</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
E1. \$_____ (a)				\$_____ (a)	1
	\$_____	\$_____	_____	\$_____	2
	\$_____	\$_____	_____	\$_____	3
	Reported Earned Income for Source			\$_____ (b)	4
	Unreported Earned Income (a – b)			\$_____	5
E2. \$_____ (c)				\$_____ (c)	6
	\$_____	\$_____	_____	\$_____	7
	\$_____	\$_____	_____	\$_____	8
	Reported Earned Income for Source			\$_____ (d)	9
	Unreported Earned Income (c – d)			\$_____	10
	Total Unreported Earned Income for all Sources			\$_____	11

5. Match Year Unearned Income by Source:

<u>Federal Tax Amount</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
U1. \$_____ (e)				\$_____ (e)	12
	\$_____	\$_____	_____	\$_____	13
	\$_____	\$_____	_____	\$_____	14
	Reported Unearned Income for Source			\$_____ (f)	15
	Unreported Unearned Income for Source (e – f)			\$_____	16
U2. \$_____ (f)				\$_____ (g)	17
	\$_____	\$_____	_____	\$_____	18
	\$_____	\$_____	_____	\$_____	19
	Reported Unearned Income for Source			\$_____ (h)	20
	Unreported Unearned Income for Source (g – h)			\$_____	21

6. **Total Match Year Unreported Income (Lines Earned plus Unearned):**
 (Lines 11 + 21) \$_____ 22

Directions

1. Did ceiling or market rent apply for the household for the full match year?

If the tenant was paying ceiling or market rent for the full match year, the POA should check Yes and not process the remainder of the form.

2. Did the tenant report all income affecting match year rental assistance according to program guidelines?

The POA must determine when the income cited in HUD's tenant letter began, if the income was reported for all (re)certifications affecting match year rental assistance, and if the income was reported based on program requirements (e.g., interim recertification policies). If the tenant reported all income affecting match year rental assistance consistent with program guidelines, the POA should check Yes and not process the remainder of the form.

3. Match Year Federal Tax Data.

The POA should enter all sources of tenant earned and unearned income shown in the discrepancy letter sent by HUD. For earned income, the POA should identify whether the income was excluded from the calculation of rental assistance based on program requirements, this includes sporadic income. Any income that was excluded should not be used in the calculation of unreported income. (Do not use excluded income in Section 4.)

4. Match Year Earned Income by Source.

This section allows the POA to compare Federal tax earned income data with tenant reported earned income. The POA should enter the amount of Federal tax amount for each earned income source identified in 3. Continue processing as follows:

Enter annual income amount from last recertification in the year prior to the match year (or the January match year (re)certification) for source E1. Divide the annual amount by 12 to determine the monthly amount. Indicate the number of months during the match year for which the income applies (i.e., the number of months until the first match year recertification (or next recertification in the match year in the case of the January match year (re)certifications). Multiply the monthly amount times the number of months to determine the total income for the source for the months specified.

Repeat this process for each match year recertification for which the income source applies.

Total all reported income for the source for the match year. Subtract the reported income from the Federal tax amount.

5. Match Year Unearned Income by Source.

This section allows the POA to compare Federal tax unearned income data with tenant reported unearned income. The POA should enter the amount of Federal tax amount for each unearned income source identified in 3. The POA should next identify tenant reported unearned income.

6. Total Match Year Unreported Income (Earned plus Unearned). The POA should add the total earned unreported income and the total unearned unreported income (#'s 4 and 5) to determine the total unreported tenant income. The POA should use this figure with other unreported tenant income within the household to calculate excess rental assistance.

Income Comparison Worksheet for Verified or Agreed Upon Income – Long Form
(See Following Directions)

Head of Household Name: _____ **H of H SSN:** _____

Tenant Name: _____ **Tenant SSN:** _____

1. Did ceiling or market rent apply for the household for the full match year? _____ Yes _____ No
(If yes, identify as false positive and do not continue with worksheet.)

2. Did the tenant report all income affecting match year rental assistance according to program guidelines?
(If yes, identify as false positive and do not continue with worksheet. If no, go to 3.) _____ Yes _____ No

3. Match Year Federal Tax Income: (Do not continue with income comparison for any excluded income)

Earned Income 1 (E1):	Federal Tax Source: _____	Excluded Income: Y or N
Earned Income 2 (E2):	Federal Tax Source: _____	Excluded Income: Y or N
Earned Income 3 (E3):	Federal Tax Source: _____	Excluded Income: Y or N
Earned Income 4 (E4):	Federal Tax Source: _____	Excluded Income: Y or N
Earned Income 5 (E5):	Federal Tax Source: _____	Excluded Income: Y or N
Earned Income 6 (E6):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 1 (U1):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 2 (U2):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 3 (U3):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 4 (U4):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 5 (U5):	Federal Tax Source: _____	Excluded Income: Y or N
Unearned Income 6 (U6):	Federal Tax Source: _____	Excluded Income: Y or N

4. Match Year Earned Income by Source:

<u>Federal Tax Income</u>	<u>Tenant Reported Annual Amount</u>	<u>Tenant Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
E1. \$ _____ (a)				\$ _____ (a)	1
	\$ _____	\$ _____	_____	\$ _____	2
	\$ _____	\$ _____	_____	\$ _____	3
	\$ _____	\$ _____	_____	\$ _____	4
	\$ _____	\$ _____	_____	\$ _____	5
	Reported Earned Income for Source			\$ _____ (b)	6
	Unreported Earned Income (a – b)			\$ _____	7
E2. \$ _____ (c)				\$ _____ (c)	8
	\$ _____	\$ _____	_____	\$ _____	9
	\$ _____	\$ _____	_____	\$ _____	10
	\$ _____	\$ _____	_____	\$ _____	11
	\$ _____	\$ _____	_____	\$ _____	12
	Reported Earned Income for Source			\$ _____ (d)	13
	Unreported Earned Income (c – d)			\$ _____	14
E3. \$ _____ (e)				\$ _____ (e)	15
	\$ _____	\$ _____	_____	\$ _____	16
	\$ _____	\$ _____	_____	\$ _____	17
	\$ _____	\$ _____	_____	\$ _____	18
	\$ _____	\$ _____	_____	\$ _____	19
	Reported Earned Income for Source			\$ _____ (f)	20
	Unreported Earned Income (e – f)			\$ _____	21

<u>Federal Tax Income</u>	Tenant Reported <u>Annual Amount</u>	Tenant Reported <u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
E4. \$_____ (g)				\$_____ (g)	22
	\$_____	\$_____	_____	\$_____	23
	\$_____	\$_____	_____	\$_____	24
	\$_____	\$_____	_____	\$_____	25
	\$_____	\$_____	_____	\$_____	26
	Reported Earned Income for Source			\$_____ (h)	27
	Unreported Earned Income (g – h)			\$_____	28
E5. \$_____ (i)				\$_____ (i)	29
	\$_____	\$_____	_____	\$_____	30
	\$_____	\$_____	_____	\$_____	31
	\$_____	\$_____	_____	\$_____	32
	\$_____	\$_____	_____	\$_____	33
	Reported Earned Income for Source			\$_____ (j)	34
	Unreported Earned Income (i – j)			\$_____	35
E6. \$_____ (k)				\$_____ (k)	36
	\$_____	\$_____	_____	\$_____	37
	\$_____	\$_____	_____	\$_____	38
	\$_____	\$_____	_____	\$_____	39
	\$_____	\$_____	_____	\$_____	40
	Reported Earned Income for Source			\$_____ (l)	41
	Unreported Earned Income (k – l)			\$_____	42
	Total Unreported Earned Income for all Sources				
	(Lines 7 + 14 + 21 + 28 + 35 + 42)			\$_____	43

5. Match Year Unearned Income by Source:

<u>Federal Tax Unearned Income</u>	Tenant Reported <u>Annual Amount</u>	Tenant Reported <u>Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
U1. \$_____ (m)				\$_____ (m)	44
	\$_____	\$_____	_____	\$_____	45
	\$_____	\$_____	_____	\$_____	46
	\$_____	\$_____	_____	\$_____	47
	\$_____	\$_____	_____	\$_____	48
	Reported Unearned Income for Source			\$_____ (n)	49
	Unreported Unearned Income for Source (m – n)			\$_____	50
U2. \$_____ (o)				\$_____ (o)	51
	\$_____	\$_____	_____	\$_____	52
	\$_____	\$_____	_____	\$_____	53
	\$_____	\$_____	_____	\$_____	54
	\$_____	\$_____	_____	\$_____	55
	Reported Unearned Income for Source			\$_____ (p)	56
	Unreported Unearned Income for Source (o – p)			\$_____	57

Tenant

Tenant

<u>Federal Tax Unearned Income</u>	<u>Reported Annual Amount</u>	<u>Reported Monthly Amount</u>	<u># Months</u>	<u>Total</u>	
U3. \$_____ (q)				\$_____ (q)	58
	\$_____	\$_____	_____	\$_____	59
	\$_____	\$_____	_____	\$_____	60
	\$_____	\$_____	_____	\$_____	61
	\$_____	\$_____	_____	\$_____	62
	Reported Unearned Income for Source			\$_____ (r)	63
	Unreported Unearned Income for Source (q – r)			\$_____	64
U4. \$_____ (s)				\$_____ (s)	65
	\$_____	\$_____	_____	\$_____	66
	\$_____	\$_____	_____	\$_____	67
	\$_____	\$_____	_____	\$_____	68
	\$_____	\$_____	_____	\$_____	69
	Reported Unearned Income for Source			\$_____ (t)	70
	Unreported Unearned Income for Source (s – t)			\$_____	71
U5. \$_____ (u)				\$_____ (u)	72
	\$_____	\$_____	_____	\$_____	73
	\$_____	\$_____	_____	\$_____	74
	\$_____	\$_____	_____	\$_____	75
	\$_____	\$_____	_____	\$_____	76
	Reported Unearned Income for Source			\$_____ (v)	77
	Unreported Unearned Income for Source (u – v)			\$_____	78
U6. \$_____ (w)				\$_____ (w)	79
	\$_____	\$_____	_____	\$_____	80
	\$_____	\$_____	_____	\$_____	81
	\$_____	\$_____	_____	\$_____	82
	\$_____	\$_____	_____	\$_____	83
	Reported Unearned Income for Source			\$_____ (x)	84
	Unreported Unearned Income for Source (w – x)			\$_____	85
	Total Unreported Unearned Income for all Sources				
	(Lines 50 + 57 + 64 + 71 + 78 + 85)			\$_____	86
6. Total Match Year Unreported Income (Lines Earned plus Unearned):					
	(Lines 43 + 86)			\$_____	87

Directions

1. Did ceiling or market rent apply for the household for the full match year?

If the tenant was paying ceiling or market rent for the full match year, the POA should check Yes and not process the remainder of the form.

2. Did the tenant report all income affecting match year rental assistance according to program guidelines?

The POA must determine when the income cited in HUD's tenant letter began, if the income was reported for all (re)certifications affecting match year rental assistance, and if the income was reported based on program requirements (e.g., interim recertification policies). If the tenant reported all income affecting match year rental assistance consistent with program guidelines, the POA should check Yes and not process the remainder of the form.

3. Match Year Federal Tax Income.

The POA should enter all sources of tenant earned and unearned income shown in the discrepancy letter sent by HUD. For earned income, the POA should identify whether the income was excluded from the calculation of rental assistance based on program requirements, this includes sporadic income. Any income that was excluded should not be used in the calculation of unreported income. (Do not use excluded income in Section 4.)

4. 1998 Earned Income by Source.

This section allows the POA to compare Federal tax earned income data with tenant reported earned income. The POA should enter the amount of Federal tax earned income for each earned income source identified in 3. Continue processing as follows:

Enter annual income amount from last recertification in the year prior to the match year (or the January match year (re)certification) for source E1. Divide the annual amount by 12 to determine the monthly amount. Indicate the number of months during the match year for which the income applies (i.e., the number of months until the first match year recertification (or next recertification in the match year in the case of the January match year (re)certifications). Multiply the monthly amount times the number of months to determine the total income for the source for the months specified.

Repeat this process for each match year recertification for which the income source applies.

Total all reported income for the source for the match year. Subtract the reported income from the Federal tax amount.

5. Match Year Unearned Income by Source.

This section allows the POA to compare Federal tax unearned income data with tenant reported unearned income. The POA should enter the amount of Federal tax unearned income for each unearned income source identified in 3. The POA should next identify tenant reported unearned income.

6. Total Match Year Unreported Income (Earned plus Unearned). The POA should add the total earned unreported income and the total unearned unreported income (#'s 4 and 5) to determine the total unreported tenant income. The POA should use this figure with other unreported tenant income within the household to calculate excess rental assistance.

Excess Rental Assistance Worksheet

	Total Rental Assistance Provided to Household (a)	Total Rental Assistance that Should have been Provided to Household (b)	Excess (or Underpaid) Household Rental Assistance (a minus b)
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
	Total Difference (If positive – Excess Rental Assistance) (If negative – Underpaid Rental Assistance)		

Appendix E

Interim Recertification Policy Examples

Interim Recertification Policy Examples

Interim Recertification Policies Under Public and Indian Housing Programs

Under Public and Indian Housing (PIH) Public Housing and Section 8 Tenant-Based programs, interim recertification policies can differ between PHAs. Table 1 indicates the potential range of interim recertification policies.

Table 1, Interim Recertification Policies

Increases in Income Must Be Reported	Rental Assistance is Recalculated
No	No
Yes	No
Yes	Yes

The following examples demonstrate the impact of interim recertification policies on False Positive determinations for CMIV discrepancy resolution.

Situation:

- Tenant annual recertification month is November with an estimated annual income of \$6,000.
- Tenant is paying \$150 a month towards rent.
- Tenant receives a wage increase in April resulting in an annual income of \$12,000.
- Federal tax data - \$10,500

Interim Recertification Policy Example 1:

Tenant is not required to report increases in income until next annual recertification and increase effective 30 days after notice.

	Actual Income	Reported Income	Income for Rental Assistance
January - March	\$6,000	\$6,000	\$6,000
April - October	\$12,000	\$6,000	\$6,000
November - December	\$12,000	\$12,000	\$12,000

HUD Annualized Income $\$6,500 = (\$6,000 \times 11/12) + (\$12,000 \times 1/12)$

PHA Tenant Reported Income: $\$7,000 = (\$6,000 \times 10/12) + (\$12,000 \times 2/12)$

HUD CMIV Discrepancy Amount: $\$4,000$

Determination: False Positive – tenant not required to report

Interim Recertification Policy Example 2:

Tenant must report all increases in income and rental assistance is recalculated at next annual recertification effective after 30 day notice.

	Actual Income	Reported Income	Income for Rental Assistance
January - March	\$6,000	\$6,000	\$6,000
April - October	\$12,000	\$12,000	\$6,000
November - December	\$12,000	\$12,000	\$12,000

HUD Annualized Income (based on effective date of increase):

$\$6,500 = (\$6,000 \times 11/12) + (\$12,000 \times 1/12)$

PHA Tenant Reported Income:

$\$10,500 = (\$6,000 \times 3/12) + (\$12,000 \times 9/12)$

HUD CMIV Discrepancy Amount:

$\$4,000$

Determination:

False Positive – tenant reported income

Interim Recertification Policy Example 3:

Tenant is not required to report all increases in income and rental assistance is recalculated effective 60 days after notification.

	Actual Income	Reported Income	Income for Rental Assistance
January - March	\$6,000	\$6,000	\$6,000
April - May	\$12,000	\$12,000	\$12,000
June - December	\$12,000	\$12,000	\$12,000

HUD Annualized Income (based on effective date of increase):

$$\$9,500 = (\$6,000 \times 5/12) + (\$12,000 \times 7/12)$$

PHA Tenant Reported Income: 10,500

HUD CMIV Discrepancy Amount: \$1,000

Determination: False Positive – tenant reported income

Interim Recertification Policy Example 4:

Tenant must report all increases in income and rental assistance is recalculated effective 60 days after notification – Tenant does not report increase

	Actual Income	Reported Income	Income for Rental Assistance
January - March	\$6,000	\$6,000	\$6,000
April - October	\$12,000	\$6,000	\$6,000
November - December	\$12,000	\$12,000	\$12,000

HUD Annualized Income: $\$6,500 (\$6,000 \times 11/12) + (\$12,000 \times 1/12)$

PHA Tenant Reported Income: $\$7,000 (\$6,000 \times 10/12) + (\$12,000 \times 2/12)$

HUD CMIV Discrepancy Amount: \$4,000

Determination: Valid Discrepancy – tenant did not report increase

As shown above, interim recertification policies can significantly affect the determination of whether a discrepancy is valid or a false positive. It is important to identify the PHA interim recertification policy effective for the tax year for which the match is being

conducted. Interim recertification policies are found in PHA's Administrative and Occupancy Plans.

Interim Recertification Policy Under Housing Programs

Under Housing's rental assistance programs, the interim recertification policies are uniform. Tenants must report income increases of \$40 or more per month. Tenants must report if any household member moves in/out and if any adult member of the household who was reported as unemployed on the most recent certification or recertification, obtains employment. Decreases in rental assistance are effective the first day of the month following the 30-day notification period. The standard policy significantly reduces the number of false positive results and reduces the time required to analyze income discrepancies.

Appendix F

Sample Head of Household Letters And Follow-up Letters

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Public Housing Agency Letterhead)

(Date)

(Head of Household Name)

(Head of Household SSN)

(Address Line 1)

(Address Line 2)

Dear *(Head of Household)*:

The U. S. Department of Housing and Urban Development (HUD) notified us that a difference exists between the income that one or more members of your family reported and the actual income that was earned for calendar year 1998. This difference may affect the amount of rent you pay.

HUD has informed us that at least one letter was sent to one or more members of your family. Each person was directed to bring the original letter to us upon receipt. Disclosure of this information is required under Title 24 of the Code of Federal Regulations Section 5.617.

Our records indicate that the members of your family have not taken the actions requested in HUD’s letter. Please encourage the members of your family to disclose this information to us immediately, so that actions may be taken to resolve the income difference(s). As the head of household, it is your responsibility to ensure that all income earned or received by members of your family is accurately reported based on established policies. We strongly urge you to meet this responsibility.

Failure to disclose all earnings to us may result in the termination of your tenancy pursuant to the appropriate program regulations.

Note: In lieu of the termination of tenancy for your entire family, you can request that the member(s) of your family who failed to disclose HUD’s letter vacate your unit.

Thank you for your cooperation. Should you have any questions, please contact *(name of Public Housing Agency contact person)* at *(telephone number)*.

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Owner or Management Agent Letterhead)

(Date)

(Head of Household Name)

(Head of Household SSN)

(Address Line 1)

(Address Line 2)

Dear *(Head of Household)*:

The U. S. Department of Housing and Urban Development (HUD) notified us that a difference exists between the income that one or more members of your family reported and the actual income that was earned for calendar year 1998. This difference may affect the amount of rent you pay.

HUD has informed us that at least one letter was sent to one or more members of your family. Each person was directed to bring the original letter to us upon receipt. Disclosure of this information is required under Title 24 of the Code of Federal Regulations Section 5.617.

Our records indicate that the members of your family have not taken the actions requested in HUD’s letter. Please encourage the members of your family to disclose this information to us immediately, so that actions may be taken to resolve the income difference(s). As the head of household, it is your responsibility to ensure that all income earned or received by members of your family is accurately reported based on established policies. We strongly urge you to meet this responsibility.

Failure to disclose all earnings to us may result in the termination of your rental assistance/tenancy pursuant to the appropriate program regulations.

Note: In lieu of the termination of rental assistance/tenancy for your entire family, you can request that the member(s) of your family who failed to disclose HUD’s letter vacate your unit.

Thank you for your cooperation. Should you have any questions, please contact *(name of housing project contact person)* at *(telephone number)*.

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Public Housing Agency Letterhead)

(Date)

(Tenant Name)

(Tenant SSN)

(Address Line 1)

(Address Line 2)

Dear *(Tenant)*:

The U. S. Department of Housing and Urban Development (HUD) notified us that a difference exists between the income you reported and the actual income that you earned for calendar year 1998. This difference may affect the amount of rent you pay.

HUD has informed us that you were sent a letter and were directed to bring the original letter to us upon receipt. Disclosure of this information is required under Title 24 of the Code of Federal Regulations Section 5.617.

Our records indicate that we have not received the letter from you. Please bring the HUD letter to us immediately, so that actions may be taken to resolve the income difference(s). Failure to disclose all earnings to us may result in the termination of your tenancy pursuant to the appropriate program regulations.

Thank you for your cooperation. Should you have any questions, please contact *(name of Public Housing Agency contact person)* at *(telephone number)*.

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Owner or Management Agent Letterhead)

(Date)

(Tenant Name)

(Tenant SSN)

(Address Line 1)

(Address Line 2)

Dear *(Tenant)*:

The U. S. Department of Housing and Urban Development (HUD) notified us that a difference exists between the income you reported and the actual income that you earned for calendar year 1998. This difference may affect the amount of rent you pay.

HUD has informed us that you were sent a letter and were directed to bring the original letter to us upon receipt. Disclosure of this information is required under Title 24 of the Code of Federal Regulations Section 5.617.

Our records indicate that we have not received the letter from you. Please bring the HUD letter to us immediately, so that actions may be taken to resolve the income difference(s). Failure to disclose all earnings to us may result in the termination of your family’s rental assistance/tenancy pursuant to the appropriate program regulations.

Thank you for your cooperation. Should you have any questions, please contact *(name of housing project contact person)* at *(telephone number)*.

Appendix G

Sample Notification of Termination

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Public Housing Agency Letterhead)

(Date)

(Head of Household Name)

(Head of Household SSN)

(Address Line 1)

(Address Line 2)

Dear *(Head of Household)*:

Please be advised that we intend to terminate your tenancy. The reason for this action is that you or a member of your family has [choose one or more of the actions] (1) misrepresented information in regard to income, (2) failed to disclose income information to us, (3) refused to cooperate with actions taken to verify your income, or (4) refused to repay excessive rental assistance. Please consider this a last request to contact us at *(telephone number)* to set up an appointment to resolve this matter. If you fail to resolve this matter immediately, we will pursue further legal action.

In lieu of the termination of tenancy for your entire family, you can request that the member of your family who failed to meet HUD’s requirements, as described above, vacate your unit.

You have the right to reply to this notice and to request a meeting or hearing in accordance with established grievance/informal hearing procedures. If you desire a meeting or hearing, you must request the meeting or hearing in writing within the times required by the PHA policies or your right to a hearing will be waived. Send your request to us at the above address.

The following letter is a sample letter which may be used and is not to be considered a “form letter” for use. POAs can customize or change letters, as appropriate.

(Owner or Management Agent Letterhead)

(Date)

(Head of Household Name)

(Head of Household SSN)

(Address Line 1)

(Address Line 2)

Dear *(Head of Household)*:

Please be advised that we intend to terminate your rental assistance/tenancy. The reason for this action is that you or a member of your family has [choose one or more of the actions] (1) misrepresented information in regard to income, (2) failed to disclose income information to us, (3) refused to cooperate with actions taken to verify your income, or (4) refused to repay excessive rental assistance. Please consider this a last request to contact us at *(telephone number)* to set up an appointment to discuss this matter. If you fail to resolve this matter immediately, we will pursue further legal action.

In lieu of the termination of rental assistance/tenancy for your entire family, you can request that the member of your family who failed to meet HUD’s requirements, as described above, vacate your unit.

Under the terms of your lease agreement, we have the right to terminate your rental assistance and your tenancy (evict you) and make your housing unit available to another family. If you refuse to cooperate, we will terminate your rental assistance and take legal actions to recover any excess rental assistance you may owe.

Appendix H

Discussion of Included and Excluded Income and Deductions

Included and Excluded Income and Deductions

The following table shows the most typical types of income that are included and excluded in the rent calculation. However, all income must be reported to POAs.

Citation	Inclusions and Exclusions
Included as Annual Income, 24 CFR 5.609	<ul style="list-style-type: none"> • Wages and earnings. For example a supermarket clerk's total salary, a waiter's total salary and tips; or a salesperson's gross salary and commissions; • Net income from running of a business, for example a landscaper's income after deductions for operating expenses; • Income from assets (if over \$5,000, annual income includes the greater of actual income derived from all net family assets or a percentage of the value using the local market savings rate) for example interest on a savings account; • Regular payments to family members, for example all Social Security payments to any family member, a state employee's pension or retirement, or a widow's insurance benefit; • Payments in the place of earnings such as unemployment benefits, workman's compensation or welfare assistance; • Regular determinable allowances, for example alimony payments, child support payments, or the same amount of money a daughter sends her mother each month; • Pay received by a member of the Armed Services, for example the salary of an army private whose child is living in a unit with the family; and • Assets sold for less than market value or given away two years before the admission of certification date with some exceptions, for example, selling a house to a relative for \$1 when the market value is \$25,000
Excluded from Annual Income, 24 CFR 5.609(c):	<ul style="list-style-type: none"> • Wages of children under the age of 18 years living at home, including foster children, for example, a 17-year-old's salary from working at a local fast food restaurant. This income would be excluded even if the individual no longer attends school. Please note, the income of a household head or spouse and unearned income of minors from sources such as Social Security, SSI or welfare benefits is not excluded from income; • Earnings over \$480 for full-time students over 18; • Refunds or rebates of property tax on home; • Payments for student financial assistance paid directly to the student or educational institution; • Lump-sum additions to family wealth, such as an

	<p>inheritance or insurance settlement/payment (including payments under health and accident insurance and worker's compensation);</p> <ul style="list-style-type: none"> • Lump-sum payments of deferred benefits; • Temporary, non-recurring sporadic income; • Amounts received for reimbursement of medical expenses of any family member • Live-in aide income; • Adoption assistance payments in excess of \$480 per child; • Payments to keep developmentally disabled family members at home; • Payments received for the care of foster children or adults; • Special Armed Forces pay, for example extra pay for service while exposed to hostile fire. This could include extra pay received for peace keeping duty in Kosovo; • A foreign government's reparation payments made to persons persecuted during the Nazi era; • Earnings and benefits from employment training programs funded by HUD; • Incremental earnings and benefits from participation in qualifying state and local employment programs; • Reimbursement and out-of-pocket expenses while attending a public assisted training program; and • Resident services stipends not to exceed \$200/mo. for service to a PHA (if PHA so provides).
New Exclusions in PHRA	<ul style="list-style-type: none"> • Stipends to reimburse residents (PH or Section 8) for expenses of serving as members of the PHA governing board or commission • Earned income disallowance for family members: During the first 12 months after commencement of employment of a family member, the PHA disallows 100% of the incremental increase in a family member's income as a result of employment. In the second 12-month period, the PHA disallows 50 % of the incremental increase. The maximum period for disallowance is 48 months
Federally Mandated Exclusions, August 3, 1993 Notice	<ul style="list-style-type: none"> • Food stamps • Payments to volunteers • Payments or allowances under DHHS' Low-Income Home Energy Assistance Program • Payments received under programs funded in whole or in part under the Job Training Partnership Act • Federal scholarships • Reimbursement and out-of-pocket expenses while attending a public assisted training program • Child care arranged or provided under the Child Care and Development Block Grant Act

	<ul style="list-style-type: none"> • Earned Income Tax Credit refund tax payments
Exclusion for Census Takers, Notice PIH 2000-1 (HA) and Memorandum to HUD Directors and Program Center Directors (April 30, 1998).	<ul style="list-style-type: none"> • Amounts earned by temporary Census employees are specifically excluded from income.

Tenants are also allowed deductions when POAs calculate rental assistance. The following table illustrates allowable deductions.

Citation	Deductions
Mandatory deductions, 24 CFR 5.611(a)	<ul style="list-style-type: none"> • \$480 for each dependent including full-time students or persons with disability • \$400 for any elderly family or disabled family • The sum of the following to the extent the sum of the following exceeds 3% of annual income: <ul style="list-style-type: none"> • Unreimbursed medical expenses of any elderly family or disabled family • Unreimbursed reasonable attendant care and auxiliary apparatus expenses for disabled family member(s) to allow family member(s) to work • Reasonable child care expenses necessary for family member to be employed or further his/her education.
New Deduction from March 29, 2000 Final Rule: <ul style="list-style-type: none"> • Permissive deductions for PHAs only, 24 CFR 5.611(b): 	<p>A PHA may adopt additional deductions from annual income if these are established through a written policy. Examples of permissive deductions from the new law include:</p> <ul style="list-style-type: none"> • Excessive travel expenses in an amount not to exceed \$25 per family per week, for employment or education-related travel. • An amount of any earned income of the family, established at the discretion of the public housing agency, which may be based on--all earned income of the family, <ul style="list-style-type: none"> • the amount earned by particular members of the family; • the amount earned by families having certain characteristics; or • the amount earned by families or members during certain periods or from certain sources.

Appendix I

Administrative and Legal Actions And the Recovery of Excess Rental Assistance

Administrative and Legal Actions

This section provides a brief description of the procedures POAs can use after independently verifying unreported income and confirming possible payment of excess rental assistance. As noted in the Preface, for the first year of large scale CMIV, HUD urges POAs to exercise flexibility in making any decisions with respect to the recovery of excess rental assistance. HUD is not encouraging any POA to recover excess rental assistance identified as a result of the 1998 computer matching income verification process.

Discrepancies between incomes calculated for HUD program purposes and household incomes reported by the IRS and the SSA do not, in and of themselves, establish that a tenant has failed to comply with HUD program requirements. Discrepancies between data sources will often be accounted for by variations in applicable reporting periods, valid exclusions and deductions from income, and changes in income not required to be reported on an interim basis.

Verified discrepancies do not, in and of themselves, establish the elements of intentional fraud that would result in further action such as termination of assistance, referral for prosecution, and action to collect under payments. (See Handbook 4350.3, 5-19(b)-(e).) Each POA will make a determination if a verified discrepancy warrants referral for further investigation.

General Provisions

Should a POA elect to pursue the recovery of excess rental assistance or terminate assistance/tenancy, consistent with POA policies, the POA must afford tenants appropriate due process, as described in HUD program requirements and guidelines or in state and local regulations. Additionally, the tenant must be afforded due process in areas related to unresolved disputes over income discrepancies and adverse actions.

For those POAs that elect to pursue the recovery of excess rental assistance, the following sections provide details that will be useful in establishing consistent repayment practices.

Obtaining Repayment of Excess Rental Assistance

Once the POA determines that a household has received excess rental assistance, it is the responsibility of the POA to seek repayment (recovery) of the excess rental assistance. Repayment options may include:

- Tenant repayment of excess assistance in full;
- Tenant repayment of excess assistance through the use of a repayment agreement;
- POA decrease of prospective rental assistance without the use of a formal repayment agreement; and
- Repayment through legal action (such as garnishment).

All repayment options executed to recover excess rental assistance should comply with due process regulations. All recoveries of excess rental assistance should be recorded and reported based on established HUD procedures.

In some instances, POAs may not be able to recover excess rental assistance and may choose to terminate assistance to a household that received excess rental assistance based on unreported tenant income.

Full Repayment

The POA should first seek full repayment of the amount owed. If the tenant is willing to repay the full amount of excess rental assistance, the POA should review its repayment policy to determine if any state or local provisions apply regarding the creation of the repayment agreement. In general, the agreement should state the full amount of excess rental assistance to be paid and be signed and dated by both the POA and the tenant. Once the repayment is received, the POA should account for the repayment according to established HUD procedures and close the case for TASS reporting purposes by completing the case tracking form described in Chapter 4.

Repayment Agreements

If the tenant will not or cannot repay the full amount at once, the POA should request that the tenant enter into a repayment agreement. In establishing a repayment agreement, the POA should review its established repayment policy as stated in its Administrative and Operating Plans (for PIH programs) or in its contract with HUD, all related regulations and HUD Handbook 4350.3. Additionally, the POA should refer to applicable state or local provisions if they apply to the creation of the repayment agreement.

In general, the repayment agreement should state the full amount of excess rental assistance to be repaid, the monthly payment amount, and number of months for which the payment is applicable. The agreement should then be signed and dated by both the POA and the tenant.

The POA should establish the appropriate internal accounting procedures to monitor repayments and pursue appropriate administrative action should tenants fail to adhere to repayment agreements. The POA also should adhere to HUD program requirements for reporting recovered excess rental assistance.

Should a tenant fail to adhere to the repayment agreement, the POA should follow its established procedures for processing tenant repayment defaults.

Decreasing Tenant Rental Assistance Without a Repayment Agreement

The POA can increase the tenant's rent to the HUD-approved ceiling or market rent to recover excess rental assistance. In doing so, the POA should follow established program

policies and accounting procedures, as well as due process procedures stipulated by HUD program areas. Rent should be increased in accordance with the timeframes and administrative procedures set forth in HUD's regulations and handbooks. The POA should notify tenants in writing 30 days prior to rent increases. The POA should document the amount of excess rental assistance being recovered and the length of time the ceiling or market rent will apply. Additionally, the POA should adjust the amount of recovered assistance when ceiling or market rents change.

POA Retention of Recovered Excess Rental Assistance

Current HUD regulations allow PHAs to retain 100% of recovered excess rental assistance from tenants under Public Housing programs and the greater of 50% of recovered excess rental assistance or the amount of funds required to cover the reasonable and necessary costs associated with the costs incurred by the PHA related to collections from a judgment, litigation (including settlement of lawsuit) or an administrative repayment agreement pursuant to, or incorporating the requirements of Section 882.216 or Section 887.405 for tenants under Section 8 Tenant-Based programs. Reasonable and necessary costs include, but are not limited to, the costs of the investigation, legal fees, and collection agency fees.

Under Housing programs, OAs can retain up to 20% of recovered excess rental assistance to offset the costs of recovering funds pursuant to Handbook 4381.5, Chapter 6, Paragraph 6.40. (See Handbook 4350.3, Chapter 5, for processing instructions). For Housing programs, accounting for repayments continues each month as credit (negative adjustment) on vouchers until full restitution is made.

Initiating Legal Actions

If the tenant is unwilling to enter into a repayment agreement and the POA does not increase the tenant's rent to recover excess rental assistance, the POA can begin legal proceedings to obtain payment. A POA's decision to pursue legal action may depend on a number of factors including:

- The likelihood that funds could be recovered;
- The costs to recover funds are not excessive and do not offset the amount of recovery;
or
- The willingness of courts to uphold the claim.

The POA should follow its established procedures for filing claims for recovery of excess rental assistance. These legal actions may be pursued at the same time as, or after, termination of assistance or tenancy has been pursued by the POA. In all cases, the POA should follow established procedures, as applicable, when recovering excess rental assistance and all due process provisions established by HUD.

All third requests for HUD tenant letters are sent via certified mail. POAs needing a copy of the certified mail receipt should contact the TASS Technical Assistance Center at 1-888-708-8277.

Referral to Inspector General

Only where a POA discovers egregious abuses, such as cases in which independent verification reveals intentional under reported income that resulted in rental or subsidy overpayments, should the POA elect to refer the case to the Inspector General. In these cases, a POA must provide the following material to support the finding of fraudulent acts:

- Summary of fraudulent act and how it occurred;
- All relevant applications and certification forms that contain false statement(s);
- Public records and documents obtained during verification and research efforts that show tenant falsified their application or reexamination forms;
- Potential witness list (to include names, addresses, telephone numbers, and summary of information each has relevant to the case);
- The calculations of fraudulent subsidy received, including comparison of subsidy calculations based on what the tenant reported and what was the actual amount received;
- A chronology of events and summary of the POA's efforts on the case; and
- Copies of material related to certified mail sent to tenants as described in Section 3.3.

Terminating Rental Assistance and/or Tenancy

Terminating Tenancy Under PIH Programs

A PHA can terminate tenancy or rental assistance if a tenant fails to report changes in income or family composition or refuses to repay excess rental assistance. PIH requirements for terminating tenancy or rental assistance vary by PIH program area as described in the following sections.

Terminating Tenancy Under Public Housing

The requirements for PHAs in terminating tenancy Public Housing programs are detailed in 24 CFR Section 960 and 966. Refer to these citations for more information. (See Appendix F for a sample letter to head of household and follow-up letters from POA and Appendix G for a sample notification of termination.)

Initiating Termination of Rental Assistance Under PIH Section 8 Programs

The requirements for PHAs to initiate the termination of rental assistance under Section 8 Tenant-Based programs are detailed in 24 CFR Section 982 while the requirement for PHAs to terminate tenancy under PIH Section 8 Project-Based program are detailed in 24 CFR Section 983. (See Appendix G for a sample notification of termination.)

Initiating Termination of Tenancy Under Housing Programs

An OA can pursue legal action to terminate tenancy, i.e., evict a tenant, due to material noncompliance which includes failure to supply all required household income on a timely basis. The HUD Handbook 4350.3 provides a detailed explanation of material noncompliance. If an OA terminates a lease agreement and evicts a tenant, the OA should give the head of household written notice. A HUD required notice may run concurrently with a state or local required notice. Legal actions may be initiated at any time to terminate tenancy.

Due Process

No recipient agency, non-Federal agency, or source agency may suspend, terminate, reduce or make a final denial of any financial assistance or payment under a Federal benefit program to such individual, or take other adverse action against such individual as a result of information produced by such matching programs, until an officer or employee of such agency has independently verified such information. [Computer Matching and Privacy Protection Act of 1988; Public Law 100-503; October 18, 1988]

Grievance/Informal Hearing/Review Procedures

If there are unresolved disputes between the POA and the tenant regarding income discrepancies or if the POA chooses to take adverse action against the tenant, the tenant can seek review of the POA's determination or the POA's adverse action through a grievance, informal hearing, or review procedure. These procedures are different for the PIH and Housing Programs.

Public Housing and Section 8 Tenant-Based Programs

The following grievance or informal hearing procedures apply for Public Housing and Section 8 Tenant-Based programs.

Settling a Tenant Grievance Informally – Public Housing

The tenant should personally present any grievance, either orally or in writing, to the PHA during a meeting so that the grievance can be discussed informally in an attempt to settle the grievance without a hearing. The POA should prepare a summary of the discussion for the tenant's file and provide a copy to the tenant. The summary should specify the names of the participants, date of the meeting, the nature of the grievance, and the rationale for settlement, if settlement is reached. If the POA and the tenant are unable to settle the grievance informally, the POA should follow procedures stated under 24 CFR Section 966 for setting a formal hearing.

Conducting a Hearing – Public Housing

If the tenant submits a written request for a hearing within a reasonable time after receiving a summary of the discussion, the tenant should be afforded a grievance hearing. The written request should specify the reasons for the grievance and the action or relief sought. The hearing should be conducted in accordance with the PHA grievance procedures and regulations set forth in 24 CFR Section 966. There shall be no requirement for the tenant to escrow the disputed rent as a precondition to review of a dispute regarding an income discrepancy or PHA adverse action based on the Federal tax data."

Conducting an Informal Hearing – PIH Section 8 Programs

PHAs administering the Section 8 Tenant-Based Program are required to offer participants (tenants) the opportunity for an informal hearing to dispute income and rent data, and various adverse actions taken by the PHA. The informal hearing considers whether certain decisions relating to the household's circumstances are in accordance with the law, HUD regulations, and PHA policies. Procedures for conducting informal hearings are included in the PHA Administrative and Operating Plans. Informal hearing regulations are set forth in 24 CFR Section 982.

Project-Based Programs Administered by the Office of Housing

There are no formal grievance procedures issued by HUD for terminating tenancy under Housing's rental assistance programs. POAs administering these programs should refer to due process procedures required by state or local laws.

Tenant Consultation with HUD Regarding Rights and Responsibilities Intervention

If a tenant has questions related to the computer matching income verification process, the tenant should be directed to contact the Technical Assistance Center at 1-888-825-3916.

If a tenant believes that he/she has been treated unfairly, the tenant may contact the local HUD Field Office Director, Program Center Coordinator, or HUD Office of Housing for further clarification of the tenant's rights and responsibilities. Additionally, the tenant may request a review of the process and decision before a final action is taken.